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GLOBAL MEDIA, NEOLIBERALISM, AND IMPERIALISM

Robert W. McChesney

FOCUS ON IRAN:

- Background to the Parliamentary Elections
  Morteza Mohit
- Clerical Oligarchy and the Question of "Democracy"
  Saeed Rahnema and Haideh Moghissi

Books: Annette T. Rubinstein on *The Karma of Brown Folk,* David Gilbert on *Lockdown America*, Paul Buhle on *The Working Class Majority,* and Doug Dowd on *Economics: A New Introduction*

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Two decades after the Carter and Reagan administrations launched their attacks on the U.S. regulatory system the world is littered with the wreckage of neoliberal deregulation. Seldom have these failures loomed so prominently, however, as in the rolling blackouts that swept much of California in January of this year. These rolling blackouts were implemented by California power authorities in a desperate attempt to deal with a burgeoning crisis in the availability of electrical power resulting from the deregulation of California's electrical power companies beginning in 1996. The deregulation legislation, passed unanimously by the California state legislature, promised a 20 percent drop in electricity rates by 2002. Rates for final consumers were to be frozen at around 50 percent above the national average for up to four years (1998-2002), during which time the ratepayers were required to contribute to paying off the "stranded assets" of the major private utility companies, consisting of billions of dollars in bad investments in nuclear power facilities. So far, California ratepayers have paid out seventeen billion dollars to the private electrical utilities under these provisions. Deregulation also required the utilities to sell off their power generation facilities (with the exception of some hydropower and nuclear facilities).

By 2000, the eleven independent companies monopolizing electrical power generation in this new deregulated environment had taken a quarter of the total electrical generating capacity of the state out of service for "maintenance and repair," while failing to invest sufficiently in new plants, and were declaring that energy was in short supply—despite the fact that demand for electricity in 2000 was comparable to that of 1999. This led to the jacking up of wholesale electricity rates by almost 4000 percent, while profits of electricity generators grew by 200-600 percent <http://www.consumerwatchdog.org/ftcr/co/co000918.php3>. The two main private utilities distributing this electrical power, Pacific Gas and Electric Company and

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Global Media, Neoliberalism, and Imperialism

by Robert W. McChesney

In conventional parlance, the current era in history is generally characterized as one of globalization, technological revolution, and democratization. In all three of these areas media and communication play a central, perhaps even a defining, role. Economic and cultural globalization arguably would be impossible without a global commercial media system to promote global markets and to encourage consumer values. The very essence of the technological revolution is the radical development in digital communication and computing. The argument that the bad old days of police states and authoritarian regimes are unlikely to return is premised on the claims that new communication technologies along with global markets undermine, even eliminate, the capacity for "maximum leaders" to rule with impunity.

For capitalism's cheerleaders, like Thomas Friedman of the *New York Times*, all this suggests that the human race is entering a new Golden Age. All people need to do is sit back, shut up and shop, and let markets and technologies work their magical wonders. For socialists and those committed to radical social change these claims should be regarded with the utmost skepticism. In my view, the notion of globalization as it is commonly used to describe some natural and inexorable force, the telos of capitalism as it were, is misleading and ideologically loaded. A superior term would be

A version of this talk was presented at a United Nations Educational, Scientific, and Cultural Organization (UNESCO) conference on the future of global media, Santiago de Compostela, November 2000. Footnotes available by e-mailing the author at rwmcches@uiuc.edu or by sending a SASE to the *MR* office.

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neoliberalism; this refers to the set of national and international policies that call for business domination of all social affairs with minimal countervailing force. Governments are to remain large so as to better serve the corporate interests, while minimizing any activities that might undermine the rule of business and the wealthy. Neoliberalism is almost always intertwined with a deep belief in the ability of markets to use new technologies to solve social problems far better than any alternative course. The centerpiece of neoliberal policies is invariably a call for commercial media and communication markets to be deregulated. What this means in practice is that they are "re-regulated" to serve corporate interests.

Understood as one of neoliberalism rather than simply globalization, the current era seems less the result of uncontrollable natural forces and more as the newest stage of class struggle under capitalism. The anti-democratic implications, rather than being swept under the rug as they are in conventional parlance, move to the front and center. Here, I should like to sketch out the main developments and contours of the emerging global media system and their political-economic implications. I believe that when one takes a close look at the political economy of the contemporary global media and communication industries, we can cut through much of the mythology and hype surrounding our era, and have the basis for a much more accurate understanding of what is taking place, and what socialists must do to organize effectively for social justice and democratic values.

The Global Media System

Prior to the eighties and nineties, national media systems were typified by domestically owned radio, television and newspaper industries. There were major import markets for films, TV shows, music and books, and these markets tended to be dominated by U.S. based firms. But local commercial interests, sometimes combined with a state-affiliated broadcasting service, predominated within the media system. All of this is changing, and changing rapidly. Whereas previously media systems were primarily national, in the past few years a global commercial-media market has emerged. To grasp media today and in the future, one must start with understanding the global system and then factor in differences at the national and local lev-

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els. "What you are seeing," says Christopher Dixon, media analyst for the investment firm PaineWebber, "is the creation of a global oligopoly. It happened to the oil and automotive industries earlier this century; now it is happening to the entertainment industry."

This global oligopoly has two distinct but related facets. First, it means the dominant firms—nearly all U.S. based—are moving across the planet at breakneck speed. The point is to capitalize on the potential for growth abroad—and not get outflanked by competitors—since the U.S. market is well developed and only permits incremental expansion. As Viacom CEO Sumner Redstone has put it, "Companies are focusing on those markets promising the best return, which means overseas." Frank Biondi, former chairman of Vivendi's Universal Studios, asserts that "99 percent of the success of these companies long-term is going to be successful execution offshore."

The dominant media firms increasingly view themselves as global entities. Bertelsmann CEO Thomas Middelhoff bristled when, in 1998, some said it was improper for a German firm to control 15 percent of both the U.S. book-publishing and music markets. "We're not foreign. We're international," Middelhoff said. "I'm an American with a German passport." In 2000 Middelhoff proclaimed that Bertelsmann was no longer a German company. "We are really the most global media company." Likewise, AOL-Time Warner's Gerald Levin stated, "We do not want to be viewed as an American company. We think globally."

Second, convergence and consolidation are the order of the day. Specific media industries are becoming more and more concentrated, and the dominant players in each media industry increasingly are subsidiaries of huge global media conglomerates. For one small example, the U.S. market for educational publishing is now controlled by four firms, whereas it had two dozen viable players as recently as 1980. The level of mergers and acquisitions is breathtaking. In the first half of 2000, the volume of merger deals in global media, Internet, and telecommunications totaled $300 billion, triple the figure for the first six months of 1999, and exponentially higher than the figure from ten years earlier. The logic guiding media firms in all of this is clear: get very big very quickly, or get swallowed up by someone else. This is similar to trends taking place in

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many other industries. "There will be less than a handful of end-game winners," the CEO of Chase Manhattan announced in September 2000. "We want to be an end-game winner."

But in few industries has the level of concentration been as stunning as in media. In short order, the global media market has come to be dominated by seven multinational corporations: Disney, AOL-Time Warner, Sony, News Corporation, Viacom, Vivendi, and Bertelsmann. None of these companies existed in their present form as media companies as recently as fifteen years ago; today nearly all of them will rank among the largest 300 non-financial firms in the world for 2001. Of the seven, only three are truly U.S. firms, though all of them have core operations there. Between them, these seven companies own the major U.S. film studios; all but one of the U.S. television networks; the few companies that control 80-85 percent of the global music market; the preponderance of satellite broadcasting worldwide; a significant percentage of book publishing and commercial magazine publishing; all or part of most of the commercial cable TV channels in the U.S. and worldwide; a significant portion of European terrestrial (traditional over-the-air) television; and on and on and on.

By nearly all accounts, the level of concentration is only going to increase in the near future. "I'm a great believer that we are going to a world of vertically integrated companies where only the big survive," said Gordon Crawford, an executive of Capital Research & Management, a mutual fund that is among the largest shareholders in many of the seven firms listed above. For firms to survive, *Business Week* observes, speed is of the essence: "Time is short." "In a world moving to five, six, seven media companies, you don't want to be in a position where you have to count on others," Peter Chernin, the president of News Corporation states. "You need to have enough marketplace dominance that people are forced to deal with you." Chernin elaborates: "There are great arguments about whether content is king or distribution is king. At the end of the day, scale is king. If you can spread your costs over a large base, you can outbid your competitors for programming and other assets you want to buy." By 2000, massive cross-border deals—like Pearson merging its TV operations with CLT (*Compagnie Luxembourgeoise de Télédiffusion*) and Bertelsmann, or Vivendi purchasing Universal—were increasing in prominence.

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Chernin's firm, Rupert Murdoch's News Corporation, may be the most aggressive global trailblazer, although cases could be made for Sony, Bertelsmann, or AOL-Time Warner. Murdoch has satellite TV services that run from Asia to Europe to Latin America. His Star TV dominates in Asia with thirty channels in seven languages. News Corporation's TV service for China, Phoenix TV, in which it has a 45 percent stake, now reaches forty-five million homes there and has had an 80 percent increase in advertising revenues in the past year. And this barely begins to describe News Corporation's entire portfolio of assets: Twentieth Century Fox films, Fox TV network, HarperCollins publishers, TV stations, cable TV channels, magazines, over 130 newspapers, and professional sport teams.

Why has this taken place? The conventional explanation is technology; i.e. radical improvements in communication technology make global media empires feasible and lucrative in a manner unthinkable in the past. This is similar to the technological explanation for globalization writ large. But this is only a partial explanation, at best. The real motor force has been the incessant pursuit for profit that marks capitalism, which has applied pressure for a shift to neoliberal deregulation. In media this means the relaxation or elimination of barriers to commercial exploitation of media and to concentrated media ownership. There is nothing inherent in the technology that required neoliberalism; new digital communication could have been used, for example, to simply enhance public service media had a society elected to do so. With neoliberal values, however, television, which had been a noncommercial preserve in many nations, suddenly became subject to transnational commercial development. It has been at the center of the emerging global media system.

Once the national deregulation of media began in major nations like the United States and Britain, it was followed by global measures like the North American Free Trade Agreement (NAFTA) and the formation of the World Trade Organization (WTO), all designed to clear the ground for investment and sales by multinational corporations in regional and global markets. This has laid the foundation for the creation of the global media system, dominated by the aforementioned conglomerates. Now in place, the system has its own logic. Firms must become larger and diversified to reduce risk and

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enhance profit-making opportunities, and they must straddle the globe so as to never be outflanked by competitors. This is a market that some anticipate having trillions of dollars in annual revenues within a decade. If that is to be the case, those companies that sit atop the field may someday rank among the two or three dozen largest in the world.

The development of the global media system has not been unopposed. While media conglomerates press for policies to facilitate their domination of markets throughout the world, strong traditions of protection for domestic media and cultural industries persist. Nations ranging from Norway, Denmark, and Spain to Mexico, South Africa, and South Korea keep their small domestic film production industries alive with government subsidies. In the summer of 1998, culture ministers from twenty nations, including Brazil, Mexico, Sweden, Italy and Ivory Coast, met in Ottawa to discuss how they could "build some ground rules" to protect their cultural fare from "the Hollywood juggernaut." Their main recommendation was to keep culture out of the control of the WTO. A similar 1998 gathering, sponsored by the United Nations in Stockholm, recommended that culture be granted special exemptions in global trade deals. Nevertheless, the trend is clearly in the direction of opening markets.

Proponents of neoliberalism in every country argue that cultural trade barriers and regulations harm consumers, and that subsidies inhibit the ability of nations to develop their own competitive media firms. There are often strong commercial media lobbies within nations that perceive they have more to gain by opening up their borders than by maintaining trade barriers. In 1998, for example, when the British government proposed a voluntary levy on film theater revenues (mostly Hollywood films) to benefit the British commercial film industry, British broadcasters, not wishing to antagonize the firms who supply their programming, lobbied against the measure until it died.

If the WTO is explicitly a pro-commercial organization, the International Telecommunication Union (ITU), the global regulatory body for telecommunications, has only become one after a long march from its traditional commitment to public service values. The European Commission(EC), the executive arm of the European

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Union (EU), also, finds itself in the middle of what controversy exists concerning media policy, and it has considerably more power than the ITU. On the one hand, the EC is committed to building powerful pan-European media giants that can go toe-to-toe with the U.S. based giants. On the other hand, it is committed to maintaining some semblance of competitive markets, so it occasionally rejects proposed media mergers as being anti-competitive. Yet, as a quasi-democratic institution, the EU is subject to some popular pressure that is unsympathetic to commercial interests. As Sweden assumed the rotating chair of the EU in 2001, the Swedes began pushing to have their domestic ban on TV advertising to children made into the law for all EU nations. If this occurs it will be the most radical attempt yet to limit the prerogatives of the corporate media giants that dominate commercial children's television.

Perhaps the best way to understand how closely the global commercial media system is linked to the neoliberal global capitalist economy is to consider the role of advertising. Advertising is a business expense incurred by the largest firms in the economy. The commercial media system is the necessary transmission belt for businesses to market their wares across the world; indeed globalization as we know it could not exist without it. A whopping three-quarters of global spending on advertising ends up in the pockets of a mere twenty media companies. Ad spending has grown by leaps and bounds in the past decade, as TV has been opened to commercial exploitation, and is growing at more than twice the rate of GDP growth. Latin American ad spending, for example, is expected to increase by nearly 8 percent in both 2000 and 2001. The coordinators of this $350 billion industry are five or six super-ad agency owning companies that have emerged in the past decade to dominate totally the global trade. The consolidation in the global advertising industry is just as pronounced as that in global media, and the two are related. "Mega-agencies are in a wonderful position to handle the business of megaclients," one ad executive notes. It is "absolutely necessary…for agencies to consolidate. Big is the mantra. So big it must be," another executive stated.

There are a few other points to make to put the global media system in proper perspective. The global media market is rounded out

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by a second tier of six or seven dozen firms that are national or regional powerhouses, or that control niche markets, like business or trade publishing. Between one-third and one-half of these second-tier firms come from North America; most of the rest are from Western Europe and Japan. Many national and regional conglomerates have been established on the backs of publishing or television empires. Each of these second-tier firms is a giant in its own right, often ranking among the thousand largest companies in the world and doing more than one billion dollars per year in business. The roster of second-tier media firms from North America includes Tribune Company, Dow Jones, Gannett, Knight-Ridder, Hearst, and Advance Publications, and among those from Europe are the Kirch Group, Mediaset, Prisa, Pearson, Reuters, and Reed Elsevier. The Japanese companies, aside from Sony, remain almost exclusively domestic producers.

This second tier has also crystallized rather quickly; across the globe there has been a shakeout in national and regional media markets, with small firms getting eaten by medium firms and medium firms being swallowed by big firms. Compared with ten or twenty years ago, a much smaller number of much larger firms now dominate the media at a national and regional level. In Britain, for example, one of the few remaining independent book publishers, Fourth Estate, was sold to Murdoch's HarperCollins in 2000. A wave of mergers has left German television—the second largest TV market in the world—the private realm of Bertelsmann and Kirch. Indeed, several mergers have left all of European terrestrial television dominated by five firms, three of which rank in the global first tier. The situation may be most stark in New Zealand, where the newspaper industry is largely the province of the Australian-American Rupert Murdoch and the Irishman Tony O'Reilly, who also dominates New Zealand's commercial radio broadcasting and has major stakes in magazine publishing. Murdoch also controls pay television. In short, the rulers of New Zealand's media system could squeeze into a closet.

Second-tier corporations, like those in the first-tier, need to reach beyond national borders. "The borders are gone. We have to grow," the Chairman of CanWest Global Communication stated in 2000. "We don't intend to be one of the corpses lying beside the information highway....We have to be Columbia or Warner Brothers one

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day." The CEO of Bonnier, Sweden's largest media conglomerate says that to survive, "we want to be the leading media company in Northern Europe." Australian media moguls, following the path blazed by Murdoch, have the mantra "Expand or die." As one puts it, "You really can't continue to grow as an Australian supplier in Australia." Mediaset, the Berlusconi-owned Italian TV power, is angling to expand into the rest of Europe and Latin America. Perhaps the most striking example of second-tier globalization is Hicks, Muse, Tate and Furst, the U.S. radio/publishing/TV/billboard/movie theater power that has been constructed almost overnight. Between 1998 and 2000 it spent well over $2 billion purchasing media assets in Mexico, Argentina, Brazil, and Venezuela.

Second-tier media firms are hardly "oppositional" to the global system. This is true as well in developing countries. Mexico's Televisa, Brazil's Globo, Argentina's Clarin, and Venezuela's Cisneros Group, for example, are among the world's sixty or seventy largest media corporations. These firms tend to dominate their own national and regional media markets, which have been experiencing rapid consolidation as well. They generate much of their revenue from multinational corporate advertising. Moreover, they have extensive ties and joint ventures with the largest media multinationals, as well as with Wall Street investment banks. In Latin America, for example, the second-tier firms work closely with the U.S. giants, who are carving up the commercial media pie among themselves. What Televisia or Globo can offer News Corporation, for example, is local domination of the politicians and the impression of local control over their joint ventures. And like second-tier media firms elsewhere, they are also establishing global operations, especially in nations that speak the same language. As a result, the second-tier media firms in the developing nations tend to have distinctly probusiness political agendas and to support expansion of the global media market, which puts them at odds with large segments of the population in their home countries.

Together, the seventy or eighty first- and second-tier giants control much of the world's media: book, magazine, and newspaper publishing; music recording; TV production; TV stations and cable channels; satellite TV systems; film production; and motion picture

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theaters. But the system is still very much evolving. The end result of all this activity by second-tier media firms may well be the eventual creation of one or two more giants, and it almost certainly means the number of viable media players in the system will continue to plummet. Some new second-tier firms are emerging, especially in lucrative Asian markets, and there will probably be further upheaval among the ranks of the first-tier media giants. And corporations get no guarantee of success merely by going global. The point is that they have no choice in the matter. Some, perhaps many, will falter as they accrue too much debt or as they enter unprofitable ventures or as they face intensified competition. But the chances are that we are closer to the end of the process of establishing a stable global media market than to the beginning. And as it takes shape, there is a distinct likelihood that the leading media firms in the world will find themselves in a very profitable position. That is what they are racing to secure.

The global media system is only partially competitive in any meaningful economic sense of the term. Many of the largest media firms have some of the same major shareholders, own pieces of one another or have interlocking boards of directors. When *Variety* compiled its list of the fifty largest global media firms for 1997, it observed that "merger mania" and cross-ownership had "resulted in a complex web of interrelationships" that will "make you dizzy." The global market strongly encourages corporations to establish equity joint ventures in which two or more media giants share ownership of an enterprise. This way, firms reduce competition and risk and increase the chance of profitability. As the CEO of Sogecable, Spain's largest media firm and one of the twelve largest private media companies in Europe, expressed it to *Variety*, the strategy is "not to compete with international companies but to join them." In some respects, the global media market more closely resembles a cartel than it does the competitive marketplace found in economics textbooks.

This point cannot be overemphasized. In competitive markets, in theory, numerous producers work their tails off largely oblivious to each other as they sell what they produce at the market price, over which they have no control. At a certain level, it is true these firms compete vigorously in an oligopolistic manner. But they all struggle to minimize the effects of competition. Today's media firms are what

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Joseph Schumpeter called "corespective" competitors typical of situations with high levels of monopolization rather than classical competitors in an anonymous dog-eat-dog world as assumed in much of economic theory. The leading CEOs are all on a first name basis and they regularly converse. Even those on unfriendly terms, like Murdoch and AOL-Time Warner's Ted Turner, understand they have to work together for the "greater good." "Sometimes you have to grit your teeth and treat your enemy as your friend," the former president of Universal, Frank Biondi, concedes. As the head of Venezuela's huge Cisneros group, which is locked in combat over Latin American satellite TV with News Corporation, explains about Murdoch, "We're friends. We're always talking." Moreover, all the first and second tier media firms are connected through their reliance upon a few investment banks like Morgan Stanley and Goldman Sachs that quarterback most of the huge media mergers. Those two banks alone put together fifty-two media and telecom deals valued at $450 billion in the first quarter of 2000, and 138 deals worth $433 billion in all of 1999.

This conscious coordination does not simply affect economic behavior; it makes the media giants particularly effective political lobbyists at the national, regional, and global levels. The global media system is not the result of "free markets" or natural law; it is the consequence of a number of important state policies that have been made that created the system. The media giants have had a heavy hand in drafting these laws and regulations, and the public tends to have little or no input. In the United States, the corporate media lobbies are notorious for their ability to get their way with politicians, especially if their adversary is not another powerful corporate sector, but that amorphous entity called the "public interest." In 2000, for example, the corporate media giants led the lobbying effort to open up trade with China, and fought against those who raised concerns about free speech and free press. Everywhere in the world it is the same, and the corporate media have the additional advantage of controlling the very news media that would be the place citizens would expect to find criticism and discussion of media policy in a free society. The track record is that the corporate media use

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their domination of the news media in a self-serving way, hence cementing their political leverage.

Finally, a word should be said about the Internet, the two-ton gorilla of global media and communication. The Internet is increasingly becoming a part of our media and telecommunication systems, and a genuine technological convergence is taking place. Accordingly, there has been a wave of mergers between traditional media and telecom firms, and by each of these with Internet and computer firms. Already companies like Microsoft, AOL, AT&T and Telefonica have become media players in their own right. It is possible that the global media system is in the process of converging with the telecommunications and computer industries to form an integrated global communication system, where anywhere from six to a dozen supercompanies will rule the roost. The notion that the Internet would "set us free," and permit anyone to communicate effectively, hence undermining the monopoly power of the corporate media giants, has not transpired. Although the Internet offers extraordinary promise in many regards, it alone cannot slay the power of the media giants. Indeed, no commercially viable media content site has been launched on the Internet, and it would be difficult to find an investor willing to bankroll any additional attempts. To the extent the Internet becomes part of the commercially viable media system, it looks to be under the thumb of the usual corporate suspects.

Global Media and Neoliberal Democracy

In the introduction I alluded to the importance of the global media system to the formation and expansion of global and regional markets for goods and services, often sold by the largest multinational corporations. The emerging global media system also has significant cultural and political implications, specifically with regard to political democracy, imperialism, and the nature of socialist resistance in the coming years. In the balance of this review I will outline a few comments on these issues.

In the area of democracy, the emergence of a such a highly concentrated media system in the hands of huge private concerns violates in a fundamental manner any notion of a free press in democratic theory. The problems of having wealthy private owners

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dominate the journalism and media in a society have been well understood all along: journalism, in particular, which is the oxygen necessary for self-government to be viable, will be controlled by those who benefit by existing inequality and the preservation of the status quo.

The two traditional recourses to protect democratic values in media—neither of which is the "answer" by any means—no longer apply. First, marketplace competition is of the oligopolistic variety, and even there it is quite weak by comparative or historical standards. It is virtually unthinkable for a citizen, even a wealthy capitalist, to launch a commercially viable company that can go toe-to-toe with the media giants. The market is effectively closed off to outsiders. And even a more competitive marketplace has clear limitations for generating democratic media. Second, the traditional means the commercial media system has provided to account for the lack of competition has been the idea that its journalism would be subject to the control of trained professional journalists who would be neutral and nonpartisan. This was always a flawed construct, because power remains in the hands of the owners, and what little professional prerogative existed to go against the political and commercial interests of owners has diminished in the past decade. This process was documented in *MR* in the November 2000 "Review of the Month."

The attack on the professional autonomy of journalism that has taken place is simply a broader part of the neoliberal transformation of media and communication. All public service values and institutions that interfere with profit maximization are on the chopping block. In media, this has been seen most dramatically in the fall from grace of public service broadcasting in much of the world. It is only because of the tremendous goodwill these services have built up over the years that they survive, because they go directly counter to the neoliberal logic that states profits should rule wherever they can be generated. The EU is in the position of condemning some of the traditional subsidies to public service broadcasters as "noncompetitive," as it is now assumed that broadcasting is first and foremost the province of capitalists. Public service broadcasting, once the media centerpiece of European social democracy, is now on the defensive and increasingly reduced to locating a semi-commercial niche in the global system. The pathetic and toothless U.S.

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system of public broadcasting—a quasi-commercial low budget operation aimed at a sliver of the upper-middle class—is the model for public broadcasting under neoliberal auspices.

Neoliberalism is more than an economic theory, however. It is also a political theory. It posits that business domination of society proceeds most effectively when there is a representative democracy, but only when it is a weak and ineffectual polity typified by high degrees of depoliticization, especially among the poor and working class. It is here that one can see why the existing commercial media system is so important to the neoliberal project, for it is singularly brilliant at generating the precise sort of bogus political culture that permits business domination to proceed without using a police state or facing effective popular resistance.

This argument may seem to contradict the fairly common view of those who assert global conglomerates can at times have a progressive impact on culture, especially when they enter nations that had been tightly controlled by corrupt crony media systems (as in much of Latin America) or nations that had significant state censorship over media (as in parts of Asia). In fact, the global commercial media system is radically bourgeois in that it respects, on balance, no tradition or custom if it stands in the way of profits. But ultimately, once capitalist relations have become preeminent, the global corporate media system is politically conservative, because the media giants are significant beneficiaries of the current social structure around the world, and any upheaval in property or social relations—particularly to the extent that it reduces the power of business—is not in their interest.

Sometimes the bias is explicit, and corporate overlords like Rupert Murdoch simply impose their neoliberal political positions on their underlings. More often, however, the bias is subtle and is due purely to commercial concerns. With concentration comes hypercommercialism, as media firms have more ability to extract profit from their activities; this generates an implicit political bias in media content. Consumerism, class inequality and so-called "individualism" tend to be taken as natural and even benevolent, whereas political activity, civic values, and antimarket activities are marginalized. The best journalism is pitched to the business class and suited to its needs and prej-

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udices; with a few notable exceptions, the journalism reserved for the masses tends to be the sort of drivel provided by the media giants on their U.S. television stations. In India, for example, influenced by the global media giants, "the revamped news media...now focus more on fashion designers and beauty queens than on the dark realities of a poor and violent country." This slant is often quite subtle. Indeed, the genius of the commercial-media system is the general lack of overt censorship. As George Orwell noted in his unpublished introduction to *Animal Farm*, censorship in free societies is infinitely more sophisticated and thorough than in dictatorships, because "unpopular ideas can be silenced, and inconvenient facts kept dark, without any need for an official ban."

Lacking any necessarily conspiratorial intent and acting in their own bottom line interest, media conglomerates gradually weed out public sphere substance in favor of light entertainment. In the words of the late Emilio Azcarraga, the billionaire founder of Mexico's Televisa: "Mexico is a country of a modest, very fucked class, which will never stop being fucked. Television has the obligation to bring diversion to these people and remove them from their sad reality and difficult future." The combination of neoliberalism and corporate media culture tends to promote a deep and profound depoliticization. One need only look at the United States to see the logical endpoint.

The Global Media and Imperialism

The relationship of the global media system to the question of imperialism is complex. In the 1970s, much of the Third World mobilized through UNESCO to battle the cultural imperialism of the Western powers. The Third World nations developed plans for a New World Information and Communication Order (NWICO) to address their concerns that Western domination over journalism and culture made it virtually impossible for newly independent nations to escape colonial status. Similar concerns about U.S. media domination were heard across Europe. The NWICO campaign was part of a broader struggle at that time by Third World nations to address formally the global economic inequality that was seen as a legacy of imperialism. Both of these movements were impaled on the sword of neoliberalism wielded by the United States and Britain.

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Global journalism is dominated by Western news services, which regard existing capitalism, the United States, its allies, and their motives in the most charitable manner imaginable. As for culture, the "Hollywood juggernaut" and the specter of U.S. cultural domination remain a central concern in many countries, for obvious reasons. Exports of U.S. films and TV shows increased by 22 percent in 1999, and the list of the top 125 grossing films for 1999 is made up almost entirely of Hollywood fare. When one goes nation by nation, even a "cultural nationalist" country like France had nine of its top ten grossing films in 1999 produced by the Hollywood giants. "Many leftist intellectuals in Paris are decrying American films, but the French people are eating them up," a Hollywood producer noted. Likewise, in Italy, the replacement of single-screen theaters by "multiplexes" has contributed to a dramatic decline in local film box office. The moral of the story for many European filmmakers is that you have to work in English and employ Hollywood moviemaking conventions to succeed. In Latin America, cable television is overwhelmed by the channels of the media giants, and the de facto capital for the region is Miami.

But, with the changing global political economy, there are problems with leaving the discussion at this point. The notion that corporate media firms are merely purveyors of U.S. culture is ever less plausible as the media system becomes increasingly concentrated, commercialized and globalized. As I note above, the global media giants are the quintessential multinational firms, with shareholders, headquarters, and operations scattered across the globe. The global media system is better understood as one that advances corporate and commercial interests and values and denigrates or ignores that which cannot be incorporated into its mission. There is no discernible difference in the firms' content, whether they are owned by shareholders in Japan or France or have corporate headquarters in New York, Germany, or Sydney. In this sense, the basic split is not between nation-states, but between the rich and the poor, across national borders.

As the media conglomerates spread their tentacles, there is reason to believe they will encourage popular tastes to become more uniform in at least some forms of media. Based on conversations with Hollywood executives, *Variety* editor Peter Bart concluded that "the

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world filmgoing audience is fast becoming more homogeneous." Whereas action movies had once been the only sure-fire global fare—and comedies had been considerably more difficult to export—by the late nineties comedies like *My Best Friend's Wedding* and *The Full Monty* were doing between $160 million and $200 million in non-U.S. box-office sales.

When audiences appear to prefer locally made fare, the global media corporations, rather than flee in despair, globalize their production. Sony has been at the forefront of this, producing films with local companies in China, France, India, and Mexico, to name but a few. India's acclaimed domestic film industry—"Bollywood"—is also developing close ties to the global media giants. This process is even more visible in the music industry. Music has always been the least capital-intensive of the electronic media and therefore the most open to experimentation and new ideas. U.S. recording artists generated 60 percent of their sales outside the U.S. in 1993; by 1998 that figure was down to 40 percent. Rather than fold their tents, however, the four media multinationals that dominate the world's recorded-music market are busy establishing local subsidiaries in places like Brazil, where "people are totally committed to local music," in the words of a writer for a trade publication. Sony, again, has led the way in establishing distribution deals with independent music companies from around the world.

But it would be a mistake to buy into the notion that the global media system makes nation-state boundaries and geopolitical empire irrelevant. A large portion of contemporary capitalist activity, clearly a majority of investment and employment, operates primarily within national confines, and their nation-states play a key role in representing these interests. The entire global regime is the result of neoliberal political policies, urged on by the U.S. government. Most important, not far below the surface is the role of the U.S. military as the global enforcer of capitalism, with U.S. based corporations and investors in the driver's seat. Recall the approving words of Thomas Friedman: "The hidden hand of the market will never work without a hidden fist. McDonald's cannot flourish without McDonnell Douglas, the designer of the F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies is called

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the U.S. Army, Air Force, Navy and Marine Corps." In short, we need to develop an understanding of neoliberal globalization that is joined at the hip to U.S. militarism—and all the dreadful implications that that suggests—rather than one that is in opposition to it.

This core relationship between the U.S. military and the global neoliberal project, one of the central political issues of our times, also is virtually unknown to the journalism of AOL-Time Warner's CNN and the other corporate media giants, who increasingly are the providers of substantive news concerning international politics. The very notion of imperialism has been dismissed as a historical artifact or a rhetorical ploy of desperate opportunists and the feeble-minded. In view of the corporate media's interdependence with the global neoliberal regime, any other outcome would be remarkable.

Prospects

It would be all too easy, given the above conditions, to succumb to despair or simply acquiesce to changes from which there seems no escape. Matters appear quite depressing from a democratic standpoint, and it may be difficult to see much hope for change. As one Swedish journalist noted in 1997, "Unfortunately, the trends are very clear, moving in the wrong direction on virtually every score, and there is a desperate lack of public discussion of the long-term implications of current developments for democracy and accountability." But the global system is highly unstable. As lucrative as neoliberalism has been for the rich, it has been a disaster for the world's poor and working classes. Latin America, a champion of market reforms since the eighties, has seen what a World Bank official terms a "big increase in inequality." The number of people worldwide living on less than $1 per day increased from 1.2 billion in 1987 to 1.5 billion in 2000, and looks to continue to rise for years to come. The "me first, screw you" ethos promoted by neoliberalism has contributed to widespread governmental corruption, as notions of principled public service are difficult to maintain. The stability of the entire global economy looks increasingly fragile. While the dominance of commercial media makes resistance more difficult, widespread opposition to these trends has begun to emerge in the form of huge demonstrations across the planet, including the United States. It

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seems that the depoliticization fostered by neoliberalism and commercial media is bumping up against the harsh reality of exploitation, inequality, and the bankruptcy of capitalist politics and culture experienced by significant parts of the population. Just as all organized resistance to capitalism appeared to be stomped out it now threatens to rise again from the very ground.

This leads to my final point. What is striking is that progressive anti-neoliberal political movements around the world are increasingly making media issues part of their political platforms. From Sweden, France, and India, to Australia, New Zealand, and Canada, democratic left political parties are giving structural media reform—e.g. breaking up the big companies, recharging nonprofit and noncommercial broadcasting, creating a sector of nonprofit and noncommercial independent media under popular control—a larger role in their platforms. They are finding out that this is a successful issue with the broad population. Other activists are putting considerable emphasis upon developing independent and so-called "pirate" media to counteract the corporate system. Across the board on the anti-neoliberal and socialist left there is a recognition that the issue of media has grown dramatically in importance, and no successful social movement can dismiss this as a matter that can be addressed "after the revolution." Organizing for democratic media must be part of the current struggle, if we are going to have a viable chance of success.

Fighting Words

"The word monopoly (like trust, cartel, and some others) is a fighting word in American Economic history, redolent of the age of class struggle and the simple taxonomies pitting 'capital' against 'labor'."

—James K. Galbraith, *Created Unequal: The Crisis in American Pay*, 1998, p. 40.

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Background to the Parliamentary Elections in Iran

by Morteza Mohit

The elections for the Sixth Parliament (*Majlis*) in Iran in February 2000 were not only a shock for the ruling clergy, but also an eye-opening event for the U.S. mass media and its believers who have for years portrayed the Iranian people as a horde of uncivilized, bearded, religious fanatics who did not deserve, and could not comprehend, the Shah's modernization plan. Consequently, we saw a new twist in international reporting. The elections were reported as "the most democratic," and the young voters as dancing lovers of Internet Cafes, Baywatch, rap music and Pizza Hut.

To get beyond this smoke screen, we should first ask the question: Was this election truly the *most democratic?* The short answer is that it was the *least democratic* election. To understand why this is so we have to take a look at the power structure of the Islamic Republic and the system's top-down decision-making process.

At the top of the decision-making pyramid we have a Supreme Leader (Valli-e-Faghih) who is supposed to be the representative of God. Therefore, he practically and legally has the last word and the veto power on any important national or international decisions made by the government. He is not just the spiritual leader of the nation but also the ultimate political decision maker of the country. He controls the military, the police, radio and television and the judiciary system. Some of the most important commercial and industrial foundations are also directly or indirectly under his control.

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Below the Supreme Leader are the Council of Guardians, the Expediency Council, and the Assembly of Experts. The Council of Guardians, the most powerful organ below the Supreme Leader, is legally the guardian of the entire system and therefore has veto power on the most vital decisions made by the government. In fact, its main function is supervision of each piece of legislation passed by the *Majlis*. Members of the Council of Guardians are selected by the Supreme Leader. If any serious differences arise between the *Majlis* and the Council of Guardians over legislation, the Expediency Council is to arbitrate. The head of the Expediency Council is also selected by the Supreme Leader.

The main function of the Assembly of Experts is to select the Supreme Leader. Members of this Assembly are elected in a general election. However, the candidates can only come from a select group of expert religious jurors whose qualifications are scrutinized by the Council of Guardians.

Two very important political factors characterize this power structure: first, the existence of decision-making organs, composed of a group of the most conservative right-wing clerics, forms a closed circle which is unaccountable to the public; Second, this small circle is practically impenetrable to "unfriendly elements." This small circle of *Mullahs* is also able to constrain the Supreme Leader. This ruling group has intimate relations with and the support of some of the richest and most powerful *Bazaaris* and merchant capitalists who control the Chamber of Commerce and the largest import-export companies.

Two institutions provide a veneer of democracy to the Islamic Republic: the Office of the President, which forms the government, and the *Majlis*. According to the Constitution, the president and members of *Majlis* are supposed to be elected by the people and therefore be accountable to the voters. The candidates for the presidency, however, go through the filter of the Council of Guardians. Since most of the decisions of the *Majlis* are subject to the Council of Guardians' veto, this body is mainly reduced to a mere consultative assembly. Still, it should be noted that not every decision made by the *Majlis* can be vetoed. Hence, it is extremely important for the ruling clerics to fill the *Majlis* with friendly representatives. Historically, this is exactly what has

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happened in previous elections during the past twenty years. This time however, they were faced with a totally different social environment.

While this is the framework in which this "democratic" election took place, it is not the whole picture. This election was held in an atmosphere of fear and intimidation. The Iranian people were still tending the wounds of mass killings, chain assassinations, and continued death squad activity. During the previous summer Teheran University students engaged in a peaceful demonstration opposed to the closing of *Salaam*, a popular reformist daily newspaper, were violently attacked by hundreds of police, thugs, and *Hezbollahs*. Dormitories were destroyed, several students were killed and hundreds arrested. Of those accountable for this attack, not a single person has been punished. Instead, many students were promptly given long prison sentences and at least two were sentenced to death. It should also be noted that many political groups, including those from the left and the nationalists, are legally banned and excluded from political participation.

Surprised and seriously rebuffed by the twenty million voters in the presidential election of May 1997, the ruling clerics started to take all precautions and prepare the ground for a less embarrassing defeat in the 2000 election. First, the Fifth *Majlis*, which was dominated by conservative supporters of the ruling clergy, passed a bill giving the Council of Guardians the right of strict supervision over the eligibility of the candidates for *Majlis*. This bill allowed the Council to disqualify any candidate they deemed unfit. It was subsequent to this piece of legislation that eight hundred of the most popular reformist candidates were disqualified from a field of six thousand. At the same time, intense pressure was meted out against the reformist press. Prominent critics of the conservatives, who were also among the most popular candidates, such as deposed Interior Minister and journalist, Abdollah Nouri; *Majlis* member and journalist Mohsen Kadivar; and Mousari Khoineiha, publisher of *Salaam*, were jailed. Extra measures were taken to discourage voter participation in the election. Election campaigns were limited, in terms of the length of time, the size of the posters, and even the color of leaflets. The voting age was raised from fifteen to sixteen and the duration of voting

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was reduced to twelve hours. The last two measures alone reduced the number of voters by hundreds of thousands. In order to enhance the chances of encumbents being re-elected the Fifth *Majlis* reduced the percentage of votes necessary to retain office from 33 percent to 25 percent.

The conservatives did not confine themselves to these anti-democratic procedural measures. They did their best to divide the solid lines of the opposition. This is where Hashemi Rafsanjani stepped in as a candidate. While Hashemi's party, the Managers of Construction, is considered part of the reformist movement, his heart and mind is with the conservatives. Hashemi's candidacy created friction within the reform movement. Although he pretended to be a reformist there was a general consensus that his real intention was to resume his previous position as Speaker of the *Majlis*, thereby gaining control over the reformist representatives there.

The question that now arises is why the ruling clergy bothered to take all these intricate measures instead of rigging the election? The answer is very clear. By giving the election a veneer of democracy they sought to gain legitimacy for the regime. They were also fearful of the consequences of tampering with the ballot boxes. The possibility of a virtual social explosion, whether immediately or sometime later, could not be ruled out.

The next question to consider is: if the overwhelming majority of the Iranian people were against the ruling clerics, why did they take part in this election so massively and by doing so legitimize the regime? Answering this question requires a closer look at Iranian society and its recent history. In this regard several factors can be mentioned. Due to complex historical reasons, both internal and international, neither a viable, independent working-class movement nor a strong national bourgoisie has materialized in Iran. In fact, this was the main reason why in 1979 a group of right-wing reactionary clerics could easily take the leadership of a great revolution, consolidate their power quickly and practically eliminate all progressive organizations and movements soon after. Today, however, the overwhelming majority of the Iranian people, particularly the younger generation, find neither ideological, economic, or political reasons to support the ruling clergy.

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In the face of the crisis of legitimacy of the ruling clergy and the rising demands for individual and democratic rights by the masses, a broad coalition of workers, peasants, urban and rural poor, shopkeepers, government employees, writers, artists, students, and teachers who are ready to fight for their basic democratic rights has taken shape in the past several years. Recognizing its own inherent weaknesses as a political movement, specifically the lack of a strong, unified, and determined leadership with a clear economic program for the future, this coalition is very cautious. Cognizant of internal and external dangers to the territorial integrity and national unity of the country, it tries to use any opportunity in the existing Constitution to move closer to its goals. This is the movement that took advantage of the exceptional opportunity offered by the presidential election of May 1997 to provide a massive show of resolve and strength, electing Mohammad Khatami in opposition to the ruling clerics.

True, Khatami did pass through the filter of the Council of Guardians, but he was not the favorite choice of the conservatives. The fundamental contradiction between the great majority of the people and the ruling clerics at this stage of the revolution is whether there should be a public of sovereign citizens whose vote will determine the system of decision-making or whether the decisions will be made by a hierarchy of right-wing theocrats descending from a Supreme Leader who is not elected by the people and is not accountable to them. There are differences of opinion within the coalition as to whether this contradiction can be resolved within the framework of the existing Constitution. For the time being, however, the majority of the people are resolved to put aside their differences and fight the common opponent.

With this political background in mind we can judge how democratic this election really was and how it was turned into a national day of solidarity against despotism—a grand protest within the elections that belied the elections themselves. First-hand reports and conversations with voters revealed a high degree of political sophistication on the part of the participants. As the ruling clerics did their best to discourage people from voting and disqualified most of the well-known popular candidates, many less known or unknown names appeared on the lists of candidates. The political background of thousands of candidates had to be carefully studied in a short peri-

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od of time by the voters. Tens of thousands of students and young volunteers took to the streets, going door-to-door to help the voters make the right decision. Political discussions among family members and friends were intense and spirited. This election was not a ritual of going to the polls to choose between two candidates selected by a party machine and introduced to the voters with television commercials. It was a deliberate political movement rooted in a popular coalition and involving mass mobilization with a strong message to send to the theocratic ruling elite. The election was a spectacular success for the people and a stunning setback for the conservatives. The results went beyond expectations of many inside Iran and also outside observers. Close to 80 percent of eligible voters participated. Of 290 *Majlis* seats, the reformers won 170, the conservatives 45 and the independents 10. Sixty-five seats were to be decided in an April run-off vote.

The Iranian people are aware that without breaking the totalitarian theocracy's grip on society no positive steps can be taken towards solving immense economic problems. The economy has been in persistent crisis since 1979. Per capita GNP has been consistently deteriorating in recent years. Investments in the productive sector of the economy have plummeted. Unproductive economic activities have increased dramatically, while a small number of merchant capitalists and corrupt unproductive bureaucrats have accumulated immense wealth. Keenly aware that these economic and social ills are the direct result of the reactionary policies of the ruling *mullahs*, the Iranian people are waging a constant daily struggle against the regime.

This incessant struggle has transformed Iranian society in many ways. The first aspect to be noticed is that Iran is far less religious than twenty years ago. It is an irony of history that one of the most fanatical religious movements should be the cause of such a great enlightened transformation. Seventy years ago, Reza Shah attempted to remove the veils from women's heads by force. One of the consequences of this authoritarian act was the rise of a fanatical religious movement which took advantage of the political vacuum in 1979 to seize power. The leaders of that movement, once in power, imposed the Islamic veil on women by force. This reactionary act, in its turn resulted in the creation of a highly political, courageous, mass of women in Iran who are at the forefront of struggle against despotism and obscurantism.

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Significant cultural transformations, in film, music, painting, fine arts, and historical and literary research have also taken place. The number of books and daily newspapers published, their circulation and their quality of political content is unprecedented in Iran's history. This is true, as well, of serious magazines and journals. There is also evidence of indigenous technological innovations and advances taking place in workshops and small factories. If we add the fact that 93 percent of those between the ages of six and twenty-four are literate, compared to 50.5 percent before the revolution, and that there are a million university students, more than half of whom are women, then a clearer picture of the cultural transformation taking place in Iran will appear. Not surprisingly, the intellectual milieu is predominantly influenced by bourgeois liberal thinkers like John Locke, Bernard Mandeville, Immanuel Kant, Max Weber, Karl Popper, and so on. At this time the intellectual battle being waged is between a precapitalist regime and a society which is struggling to gain basic human rights and democracy.

As working-class activities are gaining momentum, Marxist literature is also beginning to show signs of vitality. A number of Marx's basic works, such as *Grundrisse* and the *Economic and Philosophical Manuscripts of 1844* and other great Marxist works such as Lukac's *History and Class Consciousness* have recently been translated and published. Articles from progressive radical journals such as *Monthly Review* are also regularly printed in various Iranian journals and periodicals. In conclusion, the contradictions between the overwhelming majority of a nation which has been struggling for freedom, democracy, independence, and social justice since the Constitutional Revolution of 1905-1911, and a group of right wing clerics and their supporters in the Bazaar who want to pull the country back into the dark ages in order to maintain their theocratic power, is intensifying. This struggle is being waged by the Iranian people who want to free the enormous material and human resources of the country from the grips of a precapitalist, reactionary regime supported by a parasitic merchant-capitalist class.

Postscript

This article was written in April of last year shortly after the *Majlis* elections were held in Iran. After losing the majority of seats to the

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reformists, the right-wing ruling clerics unleashed an all-out attack, not only on the *Majlis* but also against the popular press, the reformist writers, journalists, editors, and publishers. Only the most important steps of this attack can be highlighted:

- Imposition of a right wing cleric as the Speaker of the *Majlis* who is subservient to the Supreme Leader
- Blocking of the press reform bill through direct intervention of the Supreme Leader, and by doing so, emasculating the entire legislative power
- Shutting down of more than twenty-five popular dailies, periodicals and journals
- Persecution and arrest of many prominent journalists, writers and politicians who took part in a conference in Berlin organized by a prominent German cultural institution
- Resignation of the reformist Minister of Guidance due to direct pressure from the Supreme Leader

This new wave of repression and the total inaction of Khatemi has created a situation in which the whole reformist agenda is being seriously tested.

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Clerical Oligarchy and the Question of "Democracy" in Iran

by Saeed Rahnema and Haideh Moghissi

For more than twenty years the Islamic regime in Iran, along with its extensive repressive apparatuses, has created an impressive array of ideological and economic mechanisms of control to construct an Islamified civil society and build consensus for the establishment of a theocratic state. Through massive propaganda and the manipulation of religious beliefs the Islamic ruling bloc has succeeded in maintaining its monopoly of power against all external and internal odds. Political repression eliminated, jailed, and exiled the progressive secular forces that had initiated the revolution in 1979. Ideological indoctrination maintained a strong following for the clerical regime.

However, faced with social, political, and economic realities, a growing number of Iranians, even those who were once devoted supporters of the Islamic regime, have turned against it. The Islamic Republic is in deep political crisis. The Islamists' economic policies have failed, the per capita income is less than half of what it was before the revolution, and the gap between the rich and the poor has drastically widened. The regime, which assumed power in the name of the dispossessed, is increasingly losing its popularity among the most dispossessed Iranians, and public unrest and dissatisfaction are on the rise. The Islamists' moral crusades have also run out of steam as people increasingly and openly express their disapproval

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through any means they can. The Islamification policies, primarily targeting women and youth, have produced the opposite of the intended result. Not only has the regime been unable to push women back into the home and reestablish the gender order of bygone days, but its policies have produced an unprecedented increase in gender-awareness and resistance by women. Likewise, the authority of the Islamic rulers faces a formidable challenge from Iranian youth, now over 65 percent of the population. Born and raised under Islamic rule, the youth in Iran have turned their backs on the political and moral regime established by the clerics. "Youth distancing themselves from the revolution and faith" has been a recurring concern of the Islamists.[1] Political suppression, particularly the series of assassinations of prominent intellectuals and nationalist leaders, which came to be known as chain assassinations, have severely discredited the regime. A disgruntled public, which has remembered the unfulfilled promises of the 1979 revolution, grasps every possible opportunity to show it despises what the Islamists stand for. Iranian voters have repeatedly expressed their discontent with the regime by voting against the fundamentalists' favorite candidates in parliamentary and presidential elections. Internationally, with the exception of the Hezbollah in Lebanon, the regime's early policy of "exporting the revolution" failed to link it to other Islamic movements.

Finally, and perhaps deadlier to the legitimacy of the regime, is the ever-intensifying conflict between different clerical factions after Ayatollah Khomeini's death. The ruling bloc in Iran has not been able to resolve its internal conflicts over economic, social, political, and moral issues by the physical or ideological elimination of one faction by another. Unable to replace the late Ayatollah with an equally charismatic and powerful figure capable of maintaining a balance between contending factions, frictions among clerical factions have turned into seemingly non-negotiable divisions. The two sides—those who believe that the system cannot survive without political reform, and those who see reform as a serious blow to the very foundation of the system—are confronting each other in every arena, from the mosques and newspapers to the electoral process. Each side blames the other for the regime's growing crisis of legitimacy. The great irony is that both sides are right. If the regime loosens its

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grip, dissatisfied Iranians fed up with political suppression, social degradation, and economic decline, will become bolder and put forth more radical demands. On the other hand, if the more conservative clergy consolidates power by taking back some of the reforms which emanated from Khatami's landslide victory in the Presidential election of 1997, then people's dissatisfactions may reach an explosive point, challenging the Islamic regime in its totality.

The political developments of the last few years in Iran, and the infighting among the ruling clergy, have generated much political speculation and have caused misunderstanding, particularly outside Iran, about the prospects for political change in the country. With reduced expectations of what is achievable in an Islamic society, the Western media and governments, and some observers of Iran's politics, cheer what they see as the Islamic Republic's advance toward democracy and modernity. Others, mostly Iranian expatriates, refuse to take these developments seriously, viewing them as survival ploys by the ruling clerics.

Both of these tendencies arise from a naïve understanding of the nature of the Islamic regime on one hand, and the complexities and many dimensions of resistance by the Iranian people, on the other. Through a brief analysis of the origins and complexities of the conflicts within the clerical ruling bloc and the country's formal legal structure, we attempt to illuminate major factors that determine the direction of social and political change in Iran. In analyzing the variety and potency of demands for social change, coming from different classes and various sections of the population, we want to demonstrate that the prospects for democracy are to be found in the growing disenchantment of the Iranian people with the clerical rulers, itself the result of irresolvable economic and social contradictions. The growing popular demands, and the imposition of further retreats on the clerical rulers, should increase opportunities for the emergence of a united front of alternative political forces which is a precondition for a successful campaign for establishing a democratic state.

Evolution of Factionalism within the Islamic Ruling Bloc

Iranian Shi'i clerics have historically formed a heterogeneous social category. Their members belong to different social classes,

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including landowners, capitalists, the traditional and new middle classes, low-income spiritual laborers, and paupers. The top clerics have strong ties with bazaar (market place) merchant capital—they benefit from it and defend its interests. At the same time, Shi'i clerics have a history of advocating for the poor and dispossessed. This contradictory position—respecting and vigorously defending private property while advocating the rights of the dispossessed—continued after the revolution when the clerics assumed political power for the first time in Iranian history and became members of the economically dominant class.

In this context, factionalism within the Islamic regime was inevitable and it went through three major phases, each surrounding different issues, and corresponding to major national and international political events. In the first phase, from 1979 to 1980, the clerics did not have the political and administrative capabilities to run the government and had to share power with the lay nationalist liberal Islamists. All the top clerics, mostly Khomeini's former students, formed the Association of the Militant Clergy (Rowhaniat-e Mobarez), and joined the newly established Islamic Republic Party. The guild associations of the bazaar, particularly those closely associated with the remnants of a hard-core Islamic fundamentalist terrorist organization of the 1950s Mo'talefeh (Coalition) group, consolidated their control over the bazaar, the Chamber of Commerce, the Ministry of Commerce, and the newly formed Revolutionary Foundations. The Foundations took control of the expropriated holdings of the Shah's family and those of the big bourgeoisie of the pre-revolutionary period.

Major issues at hand for the Islamic Regime in this period were the consolidation of Islamic rule, the elimination of the left and secular organizations, the imposition of Islamic gender policies, the suppression of demands for self-determination by national minorities, and finally, determining the direction of the economic policy and foreign policy of the country. With the exception of the last two points, clerics and liberal Islamists were united to varying degrees. The first signs of division emerged when the Provisional Government of Mehdi Bazargan (a lay religious nationalist), in the revolutionary climate of the time, was forced to nationalize major

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banks and industries. The conservative and pro-bazaar clerics were against increased government intervention, while the populist clerics favored it. Conflicts over foreign policy, particularly relations with the United States, were cut short when the populist clerics led the students' takeover of the American Embassy and the taking of the hostages.

In phase two, spanning the period of the Iran-Iraq war from 1980 to 1988, all attention shifted to the war economy. The highlights of this period were increased government intervention in all aspects of the economy and its heavy handedness in suppressing the secular opposition, including the Workers' and Employees' Councils (Shoraws), perhaps the most remarkable democratic achievements of the revolution, replacing them with state-sponsored Islamic Councils and Islamic Associations in work places.[2]

The lengthy futile war with Iraq helped clerics consolidate their monopoly of power. At the same time, the clerics tried to simplify as much as they could a political and economic system that they found too complex to manage. They held political and administrative offices, created their own professorial core, and turned the universities into degree-producing factories for their relatives. Differences among ruling clerics on economic issues and social programs continued, particularly after the expulsion of the liberal Islamists from the government and Abol-Hassan Bani-Sadr from the Presidency. A split within the Association of the Militant Clergy, led to the creation of the Society of Militant Clerics (Rowhanioon-e Mobarez) which consisted mostly of the populist clerics, and the dissolution of the Islamic Republic Party. These two clerical bodies acted as parties during the successive parliamentary and presidential elections.

The end of the Iran-Iraq war in 1988, and Khomeini's death, brought the third and the most open period of confrontations within the clerical establishment. During the post-war reconstruction and the two presidencies of Hojattol-Islam Ali Akbar Rafsanjani, a shrewd big capitalist himself, new Islamist forces entered the political arena. These were a younger generation of Islamists, many of them relatives of the powerful clergy, and Islamists who filled the ever-growing technocratic and bureaucratic positions in the government and parastatal organizations such as the Revolutionary Foundations. These

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new middle-class Islamists formed their own political organization, the Managers of Construction (Kargazaran-e Sazandegi), and came to support the growing Islamist capitalists who found their riches in the lucrative government contracts and Revolutionary Foundations, particularly the Mostaz'afan Foundation (the so-called Foundation of the Dispossessed). Many new capitalists were former pro-dispossessed populists who had discovered they did not need to wait to go to heaven to enjoy the promised pleasures. They had found heaven in the posh neighborhoods of Northern Tehran and the country's other large cities. They emphasized economic growth, privatization and free trade, and at the same time they called for the rule of law and weakening of the grip of conservative clerics on major sources of power.

In addition, in the absence of secular and progressive forces, who were jailed, exiled or silenced, a new breed of Muslim intellectuals gradually emerged, calling for political reforms. These were young Muslim activists, some former hostage takers and former members of the repressive apparatuses such as the Islamic Guard Corps, Ministry of Information and secret police, or the regime's ideological apparatuses. Pushed aside by the old guard conservative Islamists, many of these young Islamists went back to school and some were sent abroad to study. Disgruntled with the economic and political situation, and recognizing the growing dissatisfaction and anger of the people, they have become concerned about the future of the Islamic regime if some political reforms continued to be avoided. Many turned to journalism to mobilize support for their cause. Their knowledge of the inner workings of the system and their bold criticism of the conservative leadership made them popular.

With the new players in the political arena, the conflicts intensified between the two major factions now publicly identified as conservatives versus reformers (also called pragmatists). This was particularly the case after the 1997 presidential election, when in a reaction to the favorite candidate of the regime, the people overwhelmingly voted for Hojattal-Islam Mohamad Khatami. Each faction created its own associations for teachers, students, women, and workers, and launched its own newspapers. The pragmatists also formed their own campaign organizations including the Participation Front (Jebh-e

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Mosharekat). The major controversies and conflicts in this phase focused less on economic issues, and more on democracy, the rule of law, and modernity. The latest showdown between the two Islamic factions took place during the February 2000 parliamentary election, when despite the fact that many of the reformist candidates were not allowed to run, the people overwhelmingly voted out most of the conservative delegates who had the majority in the previous parliament.

Recognizing the failure of their ideological and propaganda machine and angered by their electoral defeat, the conservatives intensified their repressive measures and resorted to further violence. They unleashed the Hezbollah thugs to attack students, women, and pragmatist newspapers, and tried to derail the efforts to prosecute officials responsible for the chain assassinations of prominent secular politicians and left intellectuals. In January of this year, in another show of power, the conservative faction tried and convicted a group of pro-Khatami writers, journalists, and Muslim reformers, on their return from a conference in Berlin, in which, ironically, they debated the nature and future of reforms in Iran. Needless to emphasize, the conservatives' political supremacy is maintained because they control the major pillars of the cleverly-designed legal structure. Without understanding this complex mechanism of clerical political control it would be impossible to comprehend why the much needed reform and opening in social and cultural spheres cannot possibly be decided only in the election booths.

Formal-Legal Structure of the Clerical Regime

The major building block of the Islamic regime in Iran and the spirit surrounding its Constitution is an absolutist theocratic political system inspired by Khomeini's controversial notion of the "Absolute Sovereignty of the Jurist" (Velayat-e Motlaqeh Faqih) by which the leading cleric has unquestionable power over society and politics. Yet the senior Shi'i clerics who assumed power as a result of decades of struggle for democracy by the secular nationalist and left intelligentsia could not completely ignore the major demand of the 1979 revolution for the establishment of democratic institutions. Thus the post-revolutionary Constitution incorporated democratic institutions, particularly an elected parliament. However, aware of the dan-

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gers of secular and left ideas, the clerics installed many instruments for maintaining their own control over these institutions. At the top of the political hierarchy is the Supreme Leader, who is selected by the Assembly of Experts (mostly clerics) and heads the three branches of the government. He controls the regular armed forces, the police and the Islamic Guards Corps (the Pasdaran), and the state-run radio and television network, as well as determining the direction of foreign policy. He appoints the Supreme Judges, has the power to dismiss the elected President, and selects the jurists of the twelve-member Council of Guardians. The latter is one of the most powerful bodies, which acts as a sort of upper chamber in a formally unicameral political system, and is empowered to accept or reject the legislation passed by the 290-member Parliament. The Council of Guardians is further empowered to reject the non-desirable candidates in presidential or parliamentary elections with no obligation to provide explanation.

From the inception of the Islamic regime, the Council of Guardians has been the stronghold of the most conservative clerics. Its continued confrontations with the Parliament, particularly when the latter had a populist or pragmatist majority, led to the creation of a third body, the Expediency Council, which makes final decisions. The Expediency Council is an unusual legislative institution and consists of selected members of the three branches of the government, including the President of the Republic, select cabinet members, select deputies of the Parliament, all Council of Guardians members, and a few others appointed by the Supreme Leader.

Through these elaborate formal-legal institutional arrangements, the Islamic regime has made sure that if the major elected body, the Parliament, falls under the control of the "outsiders"—the non-conservative Islamists—they would not be able to divert it from the "true Islamic line of Imam Khomeini." Most recently, the Council of Guardians vetoed several laws enacted by the largely pro-reform Parliament, including two bills dealing with gender rights. These included a bill which lifted the ban on single women's travel abroad for graduate education on state scholarships and one which raised the age of marriage for girls from nine to fifteen except with a judge's approval.[3]

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Apart from the formal-legal setup, the regime established an incredible array of state apparatuses, which combine the traditional Shi'i structures with modern repressive, ideological, and economic apparatuses of control. In addition to the regular army, police, courts and prisons available to other authoritarian regimes, the Islamic Republic created the elite Islamic Guards Corps (about 100,000 strong), the Islamic Militia (over 300,000), the Islamic Associations in workplaces, different Islamic Patrols, morality squads, and the organized Hezbollah gangs. Mosques (over 50,000), seminary schools, the Friday Prayer gatherings, and the mullahs (about 200,000 and the fastest growing profession in post-revolutionary Iran) combined with state-run radio and television and the numerous state-sponsored newspapers and magazines, have all been busy indoctrinating the public. The top Shi'i clerics also used part of their growing wealth, some of which was gained through donations and endowments, to subsidize their needy followers. The Ayatollah Khomeini's Fund now has more than 1.7 million on its permanent payroll. The extent and intensity of these apparatuses is unparalleled, even in fascist regimes. These institutions have been lubricated financially by gigantic oil revenues, which have given the authorities much room to maneuver. In the early days of the revolution, Khomeini referred to the "invisible aid of Allah" to provide for the needs of the population. This invisible aid conveniently materialized in the form of massive crude oil deposits beneath the sands of the Iranian plateau, which continue to provide the regime with a crucial margin of flexibility even amidst economic crisis. In this context, it is reasonable to argue that the fate of the movement for establishing democracy and social justice in Iran will be decided outside the formal-legal state institutions.

The "Balance of Fear" and Prospects for Change

At present, the Islamic government is faced with two serious challenges, from within the regime and from the public at large. After years of serving the regime in various ideological and coercive apparatuses, the younger generation of Islamists is posing a serious challenge from within to the authority of the Supreme Leader and his associates. Well informed about the extent of corruption and the

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abuse of power by high-ranking clergy, and angry at being turned into the new target of fellow-Islamists' terror, the Islamist reformers have assumed a leading role in demystifying the Islamic regime, its key players, and its horrifying working mechanism. Their writings, exposing the direct involvement of top clergy such as Rafsanjani, represented a heavy blow to the regime and contributed to the defeat of the conservative clergy in the last parliamentary elections. Despite the undeniable aid provided by the Muslim reformers to the movement for democracy, for political and moral pluralism and for state accountability, it is important to bear in mind that they do not question the system in its totality, and do not seek to replace it with a modern democratic and secular political system. They are trying to save it from its ever-deepening crisis by smoothing its rough edges and removing the fundamentalist clergy from political power. Hence the challenge from within, though seriously weakening the regime, by itself will not achieve any meaningful change. The replacement of a more conservative clergy with a moderate one, Khatami in the office of the Presidency, has not and will not break the monopoly of Islamists on Iranian politics and society. In fact, aware of the public's expectations and false hopes, President Khatami recently declared publicly that "after three and a half years as President," he "lacks sufficient powers to implement the constitution" and "the rule of law."[4]

The challenge from outside the regime, the more serious challenge, comes from different sections of the population, particularly the youth, women, and workers. After the revolution the regime purged the universities and only allowed ideologically-tested Muslim students to attend. Yet the crude practices for ideological indoctrination of the youth, as the Islamists themselves have repeatedly lamented, have been a complete failure. The youth has turned against a regime that is unable to provide them with employment, recreation, and any prospects for future advancement and well being. The nationwide student movements in support of the promised reforms are a major destabilizing factor in Iranian politics. Despite the brutal suppression of student activists and the killing and arrests of several hundred students by state-backed thugs, the student uprising of July 1999 has not lost momentum. Frustrated with the lack of tangible gains for the reform movement, the angry students

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seem to be turning on President Khatami, criticizing him for "expressing nice thoughts but siding with the Conservatives whenever push comes to shove." The students have repeatedly expressed their anger at what they consider the President's turn-the-other-cheek policy.[5] Undoubtedly, in today's Iran the youth are a major pillar of the struggle for change.

The regime tried its best to impose its archaic gender policy and push women back into the home. But, with the exception of making the veil mandatory, it did not succeed. Now, at the forefront of the resistance are women whose defiance of clerically-defined Islamic morality, and the domesticated and chaste notion of Muslim womanhood, has remained a nightmare for the Islamists. Women's resistance, widely considered the Achilles heel of the Islamists, has forced the regime to introduce one ruling after another, and to pass one bill after another, in order to regain control over women's social and moral conduct. No other issue could expose with such clarity the wicked and outmoded character of the Islamic regime as its gender politics and the bizarre methods used to reestablish the gender order of bygone centuries. As an outcome of the women's remarkable resistance, and the pressure the Islamists feel to fix their anti-woman reputation, the government has been forced to retreat in some areas of women's rights such as the re-enactment of a new family law, lifting the ban on women's entry into certain fields of education, and more toleration shown towards professional women and the appointment of women in certain managerial positions.[6]

Next to its gender policy, the regime's labor policy has remained one of its main preoccupations. The Islamic government brutally suppressed the labor and councils' movements and created its own labor organizations. Yet, the resistance of the workers has been a nagging reality for the regime. The workers' protests against the dramatic decline in real wages and the closure of certain factories, resulting in delayed wages or mass layoffs, have been a persistent reality since the revolution. Given the extreme sensitivity of the Islamic regime to organized mass protest by the workers, the growing waves of workers actions, taking various forms from production slowdowns, assembling in front of the Labor Ministry's offices in Tehran and other major cities, to the blockages of main highways and taking the

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employer hostage, are a clear manifestation of working class frustration and disillusionment, and the regime's growing loss of legitimacy.[7] The recent strike of Tehran's Alladin gas stove company, demanding four months of unpaid wages,[8] the rally of female workers of Jamko company in front of the President's office in protest to their unpaid wages and company's unpaid share of health insurance,[9] and the rally of several thousands of city employees and their families in front of the office of Tehran's City Council are but a few examples.

Nonetheless, none of these challenges, or the persisting economic crisis, will necessarily threaten the present political system. Neither the internal opposition of the Muslim reformers, nor the sporadic, spontaneous responses of the people, courageous as they are, can have a lasting and cumulative effect without a strong, united, and organized secular opposition. Without such an opposition, political change in favor of establishing a democratic system and separating religion from politics is not conceivable. It is the case, however, that the vast and diversified Iranian secular opposition, particularly the left, has remained divided and weak.

The Iranian left more or less continues along the same two lines that it chose during the revolution, one accommodating and seeking collaboration with the pragmatist faction of the clerical regime, and the other seeking rapid and radical overthrow of the regime for the establishment of a socialist system.[10] Two circumstances will have to change before the left in Iran can have a more deciding influence on the direction of political change and the reform movement. First, it must leave behind unrealistic and illusory theoretical and political ideas, reassess its own weaknesses and strengths, and design a new and realistic strategy for achieving its goals. This requires that the left abandon its organizational sectarianism and political divisions in order to be able to form a wide coalition of all left organizations and prominent intellectuals. This will enable the left to join forces with other pro-democracy, anti-clerical groups in support of a strong united secular opposition with close links with the spontaneous movements against the theocratic regime. Second, the climate which has made political participation the monopoly of the Islamists has to change, allowing the secular left, workers, feminists, nationalists, and the grass-roots movements to be effective in the political arena and

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have a chance to represent their own views and their agendas to the society. For the workers' movement in particular, nothing is more crucial than an opportunity to form independent trade union organizations, and this cannot be achieved without weakening the power of the present autocratic clerical regime.

Such developments will create real possibilities for the century-old movements for democracy, freedom of conscience, freedom of assembly, freedom of the press, respect for minority rights, women's rights, economic development, and social justice to succeed. Such objective circumstances favoring action by the secular left will almost inevitably arise, if the existing equilibrium, or "the balance of fear"—a popular term used to define the hesitation of various factions within the ruling bloc to strike the final blow—continues. This impasse within the Islamic reform movement will undoubtedly intensify the push for radical change and will give the secular opposition a chance to actively participate in the struggle for establishing—as a first step—a secular democratic state in place of the existing clerical oligarchy.

NOTES

1. *Resalat Daily*, Tehran, February 8, 1999.
2. For Councils see, Assef Bayat, *Workers and Revolution in Iran*, (Zed Books, 1987.) For a different perspective, see Saeed Rahnema "Work Councils in Iran: The Illusion of Workers Control" in *Economic and Industrial Democracy*, 13/1 (1992).
3. *Iran Times*, Washington D.C. No. 37, November 24, 2000.
4. *Iran Times*, November 24, 2000.
5. *Sepidar*, Toronto, No. 36, November 10, 2000.
6. See, Haideh Moghissi, *Feminism and Islamic Fundamentalism*, (Zed Press, 1999, Oxford University Press, 1999). Ch. 6, and Haleh Afshar, *Islam and Feminism*, (MacMillan, 1999,) ch.1.
7. For details see, Haideh Moghissi and Saeed Rahnema, "The Working Class and the Islamic State in Iran," *Socialist Register*, No. 37, 2001.
8. Iran Times, November 24, 2000.
9. *Sepidar*, Toronto, No. 39, December 1, 2000; *Shahrvand*, Toronto, December 1, 2000.
10. The accommodating left organizations include the remnants of the Tudeh Party, the Fedayeen Axariat (Majority), the Peoples' Democratic Party of Iran, and the surviving individuals of the Organization of the Peoples' Fedayeen. The radicals seeking, to different degrees, the immediate establishment of a socialist system include, Left Workers Unity (an umbrella organization of the Workers' Path and several others), The Union of Peoples' Fedayeen, Fedayeen Aghaliat (Minority), the Communist Party of Iran (mostly Kurdish), and The Workers' Communist Party of Iran (a splinter of the Communist Party).

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BOOKS

Subverting a Model

by Annette T. Rubinstein

Vijay Prashad, *The Karma of Brown Folk* (University of Minnesota Press, 2000), 248 pages, $25 hardcover.

The Karma of Brown Folk is essentially addressed to two audiences and is surprisingly successful in being readable by both. Its primary audience is the "*desi*"—men and women of South Asian descent living in the United States. This widely dispersed group of some fifteen million first and second generation immigrants is often referred to as a model minority—untroublesome, hard-working, entrepreneurial, conservative, clannish, and family oriented. In approaching these countrymen the author's freely avowed purpose is a subversive one. He wants to destroy the image by re-forming the fact behind it.

Prashad's secondary audience consists of members of the general socially concerned public here, especially African Americans and other minorities disturbed by questions of race and by racism. One of his approaches to countering racist prejudice between such groups is offered by a number of brief but emphatic reminders of earlier cultural exchanges and support in anti-colonial struggles.

The other more unusual and, I think, more substantial stratagem is a careful analysis of immigration policies and general material circumstances as these differ between minorities. This is used to answer the misleading questions posed by such reactionaries as Dinesh D'Souza and Thomas Sowell who not only

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blame the victim, but do their worst to make the victim blame himself. "If these brown folk can make it why can't we? Are we Blacks really inferior?" Anyone who has worked with or taught young African Americans must be aware of the anguish such questions cause them and the extent to which they may become a self-fulfilling prophecy. In this respect the importance of such a detailed concrete explanation as Prashad offers cannot be over-estimated.

The book's historical material begins with a quick chronological tour of traditional views including statements by Emerson, Thoreau and, amazingly, Cotton Mather. In general New Englanders saw the East as "other-worldly," superior in spirituality but inferior in practical life. A more detailed consideration of the recent past is used to show how new business needs demanded changes in government policies facilitating a huge increase in the number of technically qualified immigrants from Asia, especially India. The consequent enormous difference in average education and income between these and most members of black or even other "brown skin" (Mexican, Puerto Rican, etc.) groups fostered, for many *desis*, the illusion of achieving identification with the white middle class and strengthened their determination to maintain their distance from darker groups. The result was, of course, an acceptance and internalization of racism.

Here, if only to maintain truth in advertising, I must raise one serious question. The author presents racism as an evil of exclusively Western origin. He does mention the suggestion of a relationship between that and the caste system, but only to dismiss the possibility of such an explanation. He also altogether ignores the way in which class so often translates itself into color bias in the black community itself. While that is not strictly related to his thesis I think some consideration of the matter would greatly enrich the discussion.

His twenty page chapter "Of Yankee *Indutva*" bridges the turn from a general theoretical analysis to a specific account of recent developments in both India and the United States. Although the rapid historical survey of events in India is thick with (to this reader) unfamiliar acronyms and hitherto unheard of events the story line comes clear. The latter half of the chapter deals with the in-

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famous destruction of the great Banri Masjid and the subsequent much intensified, largely successful, conscious attempt by leaders of a Hindu political cultural movement to exacerbate religious and ethnic conflict transforming Indian cultural history into a highly sectarian religious history.

Unfortunately this travesty of their tradition has been successfully marketed to many homesick *desis*, as is evidenced by the enormous number of "gold bricks" sold here—ostensibly for funds to build a Hindu temple on the site of the ancient Moslem mosque. (The unconscious adoption of the term "gold brick" for their merchandise by political con men is deeply ironical to anyone who remembers its general slang meaning or O. Henry's volume of stories about *The Gentle Grafter*, city slickers who despoiled trusting farmers by selling them gold bricks and shares in the Brooklyn Bridge.)

But in its Indian incarnation the con game has deeper roots than simple greed and gullibility. As the often underpaid doctors, teachers, or computer experts soon began to realize that neither they nor their children were likely to become hospital administrators, college presidents, or millionaire consultants they realized even more bitterly that those in power were determined they remain forever outsiders to American life. Even direct physical attacks were all too often unpunished! They frequently responded by withdrawing into as traditional a family and as homogenous a community as possible, selling their churlish hosts the work they wanted but no longer trying to share the lives they had rejected.

One is reminded of a nostalgic story by Sholem Aleichem about an earlier immigrant from Eastern Europe. Reading job ads he says bitterly: "Hands wanted! Hands wanted! That's America for you! They don't want your heart. They don't want your head. Just your hands." Similarly, Prashad says, many *desis* realizing that America doesn't want their life but only their labor become nostalgic for their own somewhat illusory past. They are actively encouraged by religious con men and reactionary leaders to retreat to it.

But, he says, there not only could be but is already beginning to be a very different path than this self-segregation. That path would lead the "model minority to commit model minority sui-

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cide...and re-create a form of Asian misbehavior that is as *desi* as Gandhi."

The last chapter of the book, "Solidarity and Other Desires" is devoted to specific reports of such movements throughout the United States. These are movements where inter-racial groups of black, brown, yellow, red and, yes, white working people have joined to demand their place in American life. Our own city offers an outstanding example; 60 percent of the super exploited taxicab drivers in New York are *desis.* These have been particularly targeted for persecution by our racist, anti-immigrant, anti-worker mayor so a group of *desis* took the lead two years ago in forming an inter-racial taxi drivers' association. This has already mounted a huge amazingly successful city-wide demonstration and is growing very rapidly. The book concludes with a report of the New York Taxi Workers Association (NYTWA) and its hopeful brotherly struggles.

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Capitalism and Crisis: Creating a Jailhouse Nation

by David Gilbert

Christian Parenti, *Lockdown America: Police and Prisons in The Age of Crisis* (Verso,1999), 320 pages, $25 hardcover, $15 paper.

By the time I was captured in 1981, the prologue to a life sentence, I had twenty years of movement experience—both above and underground—under my belt. So I *thought* I had a good understanding of the race and class basis of prisons. But once actually inside that reality, I was stunned by just how thoroughly racist the criminal justice system is and also by the incessant petty hassles of humiliation and degradation. As political prisoner Mumia Abu-Jamal aptly noted in *Live From Death Row*, there is a "profound horror...in the day-to-day banal occurrences...[the] second-by-second assault on the soul." The 1980s became the intense midpoint of an unprecedented explosion of imprisonment.[1] Since 1972, the number of inmates in this country, on any given day, has multiplied sixfold to the two million human beings behind bars today.[2] Another four million are being supervised on parole or probation. The U.S. is the world leader in both death sentences and incarcerations. With just 5 percent of the world's population, we hold 25 percent of the prisoners.

The qualitative political change has been just as stark as the numbers: no politician who hopes to get elected can risk a charge of

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The Criminal Injustice System will be the focus of the July/August 2001 Special Issue of *Monthly Review*—the Editors.

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being soft on crime. Literally thousands of new repressive laws have been passed and law and order has become the battering ram for a broader right-wing offensive. The political importance of criminal justice is, as we say in prison, "obvious to a duck."

What is far from obvious—in fact purposely obscured—are the real reasons for these dramatic and ultimately very damaging developments. It certainly isn't a rational response to crime. Consider just a couple of the many telling but rarely mentioned facts: Western Europe and Japan, with about 1/7 our incarceration rate, maintain lower levels of violent crime. Throughout twenty years of mushrooming imprisonment here, U.S. crime rates continued to climb. The marked decline in violent offenses didn't start until 1993—along with the fall in unemployment and the lower percent of males in the high-risk fifteen to twenty-four-year-old age group. Wholesale repression and incarceration are emphatically not real solutions. However, the political role of these themes make them burning issues for everyone concerned about social change.

Christian Parenti's *Lockdown America* is an analytical gem, with many sparkling facets on key developments—from the advent of computerized, nationwide police files to tower guards shooting down unarmed inmates in California. This book does not take on the complex questions of the causes and cures for crime. Instead, its forte is laying bare the driving forces behind the burgeoning of the criminal justice system. Parenti's starting point might seem far removed from police and prisons, but it proves compelling. It is the serious structural crisis of U.S. and world capitalism that emerged in the late 1960s. To put Parenti's much fuller account into a nutshell, the very success of the post-Second World War glory days of capitalist growth proved to be its undoing. The extraordinary investment opportunities in rebuilding the war-ravaged economies of Europe and Japan resulted in highly productive competitors for U.S. industry. These developments ushered in a period of chronic overproduction, in which capitalism tends to produce more goods and services than can be profitably sold (given the limited purchasing power of most people).

At the same time, capital was hit with political changes within the U.S. The examples of civil rights and anti-war activism inspired

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growing worker militancy which resulted in rising labor costs, and a new environmental movement which led to expensive pollution controls. To summarize a complex international and domestic crunch by how it read on capital's bottom line, average profit rates fell from a peak of almost 10 percent in 1965 to a low of 4.5 percent in 1974. And there was no prospect for a cyclical upswing out of this pit.

Parenti describes two major phases of capital's counteroffensive. The first was the withering attack on radical movements and insurgent communities, including a counterintelligence program resulting, among other things, in the murders of some thirty members of the Black Panther Party. The real motive behind the law and order rallying cry is deftly revealed with a quote from the diary of President Nixon's Chief of Staff H. R. Haldeman:

> [President Nixon] emphasized that you have to face the fact that the whole problem is really the blacks. The key is to devise a system that recognizes this while not appearing to.

The second stage entailed the sweeping economic restructuring that was kicked off by England's Prime Minister Thatcher in 1979. It became the heart of the Reagan Revolution here and is still going strong today. Here's how Thatcher's chief economic advisor, Alan Budd, put it:

> Rising unemployment was a very desirable way of reducing the strength of the working classes... What was engineered—in Marxist terms—was a crisis in capitalism which re-created a reserve army of labor, and has allowed capitalists to make high profits ever since.

This opening salvo was followed by a raft of measures that could best be summarized as successively gutting the Great Society and New Deal social compacts, leaving labor in a weak bargaining position even in subsequent economic expansions.

These changes severely hurt the inner cities. First, capital, now more globally mobile, shifted some manufacturing to low-wage countries and regions within the U.S., eliminating many of the jobs that had provided at least a measure of stability for Blacks and Latinos. The new poorly-paid service jobs more likely went to immigrant workers, who could be intimidated with the threat of depor-

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tation. From the point of view of capitalist production, people in the ghettos and *barrios* became "surplus population" or "social junk." At the same time, these stressed communities, with a history of militancy, were potentially "social dynamite"—a serious threat located near the city center, headquarters of the most profitable sectors of the new economy such as finance, insurance, real estate, and communications. Parenti sees the core of the anti-crime crusade as rooted in capital's acute need to control and contain the ghettos and barrios and to create *cordon sanitaires* around the central business districts.

Second, capital's campaign to wrest away many of last generation's gains for U.S. workers posed a pressing political problem: the need to deflect rising frustration and anger away from the rulers. To do so, they recharged their "...trusted trope: race spoken through the code of crime and welfare." In short, there is a complete correlation over the past twenty years between the greatest ever recorded shift of wealth from the poor to the rich and our skyrocketing prison population. The dual needs of containment and scapegoating are clearly expressed in the racial character of American justice. For example, African Americans are 13 percent of the illegal drug users but 74 percent of drug prisoners. Overall, the ratio of Black to white incarcerations is seven to one. The U.S. now imprisons Black males at four times the rate of South Africa under apartheid.

Lockdown America describes key aspects of the spectacular expansion of repressive powers over the period, in a writing style that combines analytical clarity with striking examples. Below are some of the areas covered:

- Police Special Weapons and Tactics (SWAT) teams. Los Angeles created the first SWAT team in 1966. There are thirty-thousand such units today. SWAT's serve as the vanguard of militarizing the police, with weapons such as assault rifles, armored vehicles, attack dogs, and helicopters—all too often accompanied by a commando mentality that makes all Black and Latino people the enemy. While providing some grisly examples of overkill, Parenti emphasizes the broader function of intimidating entire communities.

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• Anti-crime legislation. *Lockdown America*'s look at just a few provisions of recent federal laws, just a tiny sampling of the spate of state and federal acts, presents a breathtaking cascade of authoritarian measures that greatly expand police powers and stiffen penalties.

• The criminalization of immigration. Parenti calls the new level of cooperation among various law enforcement agencies, and at times the military, at the U.S.–Mexican border "the most aggressive and totalizing police enforcement regime the country has ever seen." The racism is patent to anyone who has gone through an immigration check point. Those with white skin are waved right through while those with brown skin are routinely stopped. The formidable increase in detentions, with people often held under the most wretched conditions, can't begin to stanch the flow of immigration, itself driven by the economic forces of globalization. But the palpable threat of deportation is a powerful cudgel against labor organizing and complaints, while these victims of transnational capital are blamed for the loss of U.S. jobs. So, "...politicians get easy scapegoats; employers get docile labor...."

• "Quality of Life": The newest chapter in policing is the highly-touted "Quality of Life" and "Zero Tolerance" campaigns. In theory, the thorough crackdowns on minor offenses such as graffiti, open beer cans, and unpaid traffic tickets will nab potential felons and create a climate of compliance with the law. In practice, there have been increased complaints of police brutality as well as widespread ensnaring of young people of color into the justice system. The experiences of abuse and arrest are themselves strong predictors of future felonies. Thus these programs may well generate more crime in the long run, but they are very useful for creating a comfort zone for the higher echelons working in the central business districts.

Each of the above policies leads to more people behind bars. Parenti provides a quality chapter on the growing "prison industrial complex." With about $40 billion per year being spent on building and running prisons, and over 500,000 full-time corrections employees, crime definitely pays for some sectors. Perhaps the most chilling example is the California correctional officers' union.

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It has become the state's second biggest lobbyist and spends millions on election campaigns. It was the driving force behind "three strikes" and over 1,000 other anti-crime measures passed in California since the late 1980s. But Parenti wisely avoids economic reductionism. Corrections budgets are nowhere near those for the military industrial complex and don't play the same strategic role of subsidizing research for high-tech industries. Also, despite the impressive initial spurt of the for-profit sectors of private prisons and corporate use of convict labor, these are still a small fraction of the corrections complex and face major constraints to continued growth. While the pockets of pork-driven prosperity assert some influence, such vested interests are secondary to the needs and strategies of a ruling class responding to structural crisis.

While not attempting a detailed description of prison life, *Lockdown America* spotlights some of its more unsettling aspects, such as gang rivalries and rape. In addition to the horrible direct violence involved, the ever present dangers and antagonisms prevent inmates from uniting against oppressive conditions, which in turn fuel more frustration and internal violence. The very chaos the institutions create is then used to justify bigger budgets and more repression. The flagship of these trends is the proliferation of supermax prisons and special (or secure) housing units. The rationale is that these are needed for "superpredators," but in practice they are also used against organizers, rebels, and "jailhouse lawyers." These prisons-within-prisons are characterized by twenty-three hour a day lock-ups, intense electronic surveillance, almost no social interaction or programs, and brutal reprisals against defiant inmates. One couldn't consciously design conditions better suited for fostering mental illness and anti-social, violent behavior.

A lot more could be added about the damage being done: severe HIV and hepatitis C epidemics; the high percentage of women prisoners whose problems started with sexual or physical abuse on the outside and who are then placed under the complete domination of male guards; the impact of sentences on convicts' children, who thereby become five times more likely than their peers to eventually land in jail. At the same time, correctional programs that greatly reduce recidivism—most notably college education—are

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being dismantled behind the propaganda myth that our prisons are "country clubs." Meanwhile, the police keep sweeping more young people—whether for "quality of life" misdemeanors or non-violent drug offenses —into a corrections system primed for chewing up human beings and spitting out violent parolees. While counterproductive, in the long-run, against crime, this approach serves capital well. The key, in my view, is the political role of racial scapegoating. Parenti articulates it well:

> As economic contradictions deepen, the racialized class Other—the immigrant, the urban mendicant, the cheats, the dark-skinned, the 'thieves,' and 'predators'—looms larger than ever in the minds of the economically besieged middle and working classes. [Since] the corporate system *will not* and *cannot* profitably accommodate the needs of the poor and working majority, [politicians] necessarily turn to crime-baiting and racially coded demonology as a way of inciting, mobilizing, and diverting legitimate political anxieties toward irrelevant enemies.

The U.S. today is criminalizing an ever widening range of social problems. The government would rather militarize the police and build prisons than provide quality education, good-paying jobs, and a sound public health response to drug abuse. These trends, while ineffective on crime, serve to aggrandize police power. Even more importantly, the law and order mania has become an essential political arena of struggle for the left. Conceding the weight of public opinion to the bandwagon of racial scapegoating would only build the momentum and power of the grandscale criminals who rule over all of us.

NOTES

1. Most of the data cited in this review comes directly from *Lockdown America.* I've added data based on reports from the U.S. Department of Justice's Bureau of Justice Statistics and from the Sentencing Project.
2. The two million figure is for the number of persons behind bars on a given day. Because many people are in and out of county jails in a matter of months or even days, the number of persons in jailor prison over the course of the year would be several times larger than two million.
3. Ann McDiermert, "Programming for Women Offenders and Their Children," *International Association of Residential and Community Alternatvies Journal* 3:4 (September 1990) 5.

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The Myth of the Middle-Class Society

by Paul Buhle

Michael Zweig, *The Working Class Majority: America's Best Kept Secret* (Cornell University Press, 2000), 192 pages, $25 cloth, $14.95 paper.

The claim that the U.S. is a "middle-class country"—which goes back at least to the eighteenth century—has set apart (white) yeoman farmers from the rural or urban poor, and notably from nonwhites. Thomas Jefferson envisioned his ideal nation as the land of, and for, hard-working property holders, free of the turmoil and corruption inevitable in Europe's aristocratic fixed-class system.

As *Monthly Review* readers know, the "exception" in American Exceptionalism, from the Revolution to the present day, exists thanks to the relative protection of ocean barriers, extraordinary natural resources, and above all to empire. The Constitution (especially without the Bill of Rights) has often been described as a defense against dangerous forms of democracy. Even such hard-won gains of the early nineteenth century as public education might be described as congruent with a ruling class strategy of exerting hegemony over the still-unwashed (but white) horde.

Then again, such top-down descriptions tend to badly flatten the complex and often more inspiring realities of working people's lives. Without urban unrest, no American Revolution would have begun; without working class unrest generations later, no

Paul Buhle writes frequently for *Monthly Review*. His biography of a left-wing filmmaker, *A Very Dangerous Citizen: Abraham Polonsky and the Hollywood Left*, will be published in June by the University of California Press.

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public education or truancy laws to end child labor in the factories; and so on, through Social Security and most of the other additions to the welfare state. The "middle class," an emotion-ridden if ultimately elusive concept, has been repeatedly redefined from above, providing key evidence that the ruling ideas of any age are those of the ruling class; but it has also been redefined from below by those fighting privilege to escape the economic insecurity (not to mention the indignity) of the lowest levels of occupation and residence.

Divided as the nation has been, rising above economic insecurity has also often meant white working people separating themselves as far as possible from the assorted degradations experienced as "normal" by minorities. But the separation has not been either consistent or inevitable. Indeed, the infusion of newer population groups into working class life in the past has repeatedly altered consciousness and activity, leading to many dramatic moments of common struggle including the 1877 railroad strike, the 1886 national strike for an eight-hour day, the Lawrence Strike of 1912, the 1946 national strike wave, and the League of Revolutionary Black Workers' activities in the later 1960s, not to mention other social and cultural movements of many types. We now face all around us the latest infusion, one of the most dramatic in U.S. history. The working class map is about to be redrawn and no one can chart the ultimate consequences.

Michael Zweig's *The Working Class Majority* offers basic preparation for the emerging reality. In the clearest terms, offering the reader a step-by-step view of U.S. class structure, Zweig explains that the "middle class society" is a myth. Not that the middle class is absent: supervisors, middle managers, professionals like doctors and lawyers, all can appropriately claim an intermediate status between wealth-owners and those whom Marxists properly consider the real wealth-creators. But the numbers reveal that the middle class of approximately fifty million—even at the center of the world commercial and corporate empire—pales before a working class of more than eighty million. Department of Labor statistics reveal a starker contrast: more then 80 percent of Americans are "nonsupervisory employees."

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The additional statistical discussions are extremely useful, and readers are directed to keep them close at hand for relevant arguments with friends, colleagues, and political enemies. The details are often the best parts of the book, because Zweig has a way of driving home what we "know" (without being self-consciously certain.) As he notes, some forty thousand limousine drivers (not counting cabbies) in Manhattan alone, exist statistically as "independent contractors," equivalent to the middle-class owners or operators of small property. Of course, the vast majority are nothing of the sort: they work almost unbelievably long hours at a historically blue-collar occupation—without the special overtime pay or health and retirement benefits that a union contract would bring them.

Zweig remains on firm ground when he discusses the ambivalent and often hidden role of education in perpetuating class status. A completed college degree usually reaffirms class background. Less than ten percent of high school students from lower-income families will ever reach this goal. Even for those students of modest means managing to achieve it, the degree has diminished in importance as a guarantee of status. In short, despite a certain degree of social mobility, the upper classes largely replicate themselves. During recent times the millions of new jobs at the lower end of the economy have provided poor wages and no security, while the top few percent of Americans have taken so much of the expanding pie that for the rest of us the improvements in the conditions of life have come at the cost of longer hours, increased indebtedness, or both. Politicians continue to argue about abolishing inheritance taxes, while close to half the population can expect to leave no inheritance whatever.

Zweig runs into trouble, however, when his analysis turns to a moral critique of "market individualism" as the proper way to think or to live. Not that he's wrong: market-based decisions are devastating the planet and impoverishing most of the global population in the process; at closer range, they may also precipitate an economic collapse that will make the 1930s look like a picnic. But as George Lipsitz argues in *The Possessive Power of Whiteness*, the logic of shared exploitation does not necessarily make for working partners, let alone trust-

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ed allies. Zweig tacks on to the end of his argument the need to assert working class unity despite particularistic "identities." But like his call for a renewal of working class institutions now long vanished, the means for this renewal remain to be seen, let alone tested.

Zweig ends on the strongest possible note with the consequences of globalization, the effects of the vast power shift in the last decade, and the reform impulses within the organized labor movement. To all this, we say amen. But he might have strengthened his case significantly by highlighting statistics of a different kind, the recent patterns of immigration and what their continuation suggests for working class life. Without writing anyone off, let us admit that past socialist influence has been badly limited in the U.S., even more than in the classic European colonial powers, by the widespread sense of imperial entitlement. Privileged to live and work at the apex of the world's economic pyramid, Americans have felt less need for solidarity, let alone a different kind of society. But the American working class is being remade before our eyes. The newest members come overwhelmingly from the regions of the empire's victims, often with memories of solidarity as well as suffering, and with scant prospect of entering America's elite. If we do our work well, that may make all the difference.

"Globalization did not create the gap between rich and poor....But still, 3 billion people struggle to survive on less than $2 a day. There is a gap in globalization. Open markets alone will not close this gap when half the children in the poorest countries still are not in school, more than 1.5 billion people lack access to clean drinking water and infectious diseases still cause one in every four deaths in the world. The Internet will not narrow the gap when half the world's people have yet to make or receive a telephone call....The global system of open markets and open societies is not sustainable in the long term if billions of people have no stake in it."

—Samuel R. Berger, National Security Adviser to President Clinton, "A Global Gap that Open Markets Can't Close," *New York Times*, January 20, 2001, Op-Ed page.

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Refuting the Big Lie

by Doug Dowd

Hugh Stretton, *Economics: A New Introduction* (Pluto Press, 1999), 864 pages, $90 hardcover, $35 paper.

Capitalism was first firmly established in Britain in the eighteenth century and it was then and there that economics was born, in Adam Smith's *Wealth of Nations* (1776). Economists have served capitalism ever since, but only in the past quarter-century has capitalism needed—and gotten—so much from them.

As the twentieth century began, given the intrinsic inequalities of capitalism, the existence of political democracy in almost all capitalist nations constituted an ongoing threat to capital's rule, a threat intensified by capitalism's tendency toward intermittent economic crisis and socioeconomic weakness.

For much of the nineteenth century, economics tended toward ideology; by its end, it was pure ideology. But ideology alone was no match for the challenges of the new century.

In the first half of the twentieth century, the crises were so pervasive and became so deep that economists could propose nothing to avoid or alleviate them. When something was proposed, as with Keynes during the depression of the 1930s, neither capital nor most economists took heed before the Second World War—except in Nazi Germany, which invented the military Keynesianism that undergirded capitalism in the decades of the Cold War.

And what about economics? The years after the war were also the years in which business had lost its unchallenged power and prestige, having laid a very large and rotten egg before the war, as

Doug Dowd lives in San Francisco and Bologna. His most recent book is *Capitalism and Its Economics: A Critical History* (London: Pluto Press, 2000).

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had mainstream ("neoclassical") economics. A substantial group of "new economists" had also come into being, "educated" by the depression, the New Deal, and the war, aware and supportive of the need for socioeconomic reforms. Their ideas and policies were effectively shaped by the then-relatively powerful labor movement and a liberalized public, with significant support from those in big business who had learned from the war just how useful governmental (especially military) expenditures could be. Not for nothing were the two decades or so after the war called Cold-War liberalism.

Global economic expansion took hold as the 1950s proceeded, and the following decade was the most expansive ever, aided and abetted by the Cold War. But superstate or no, capitalism's laws of motion had only been modified, not repealed.

In the early 1970s a unique and deep crisis—called stagflation—began to surface; by 1974, it had become global. Simultaneous, severe, and sustained increases in both unemployment and prices occurred. Capital had realized in the fifties and sixties that it could tolerate a bit of shared power and the costs and taxes of the warfare-welfare state, only so long as their sales and profits kept them ahead of the game. But the global excess capacities of the seventies ended that particular honeymoon.

Thus began what Richard DuBoff has aptly termed "the corporate counter-attack." It was an attack whose main aims were to weaken unions and get rid of the social wage in both the private and public spheres: to return to the raw capitalism of yore.

Corporations could not and did not fight that battle alone. They assiduously and successfully increased their efforts to influence public opinion through the media, and it was then that their political "contributions" began their quantum leap toward present levels, and achieved the key victory of placing Ronald Reagan in the White House. Reaganomics was initially seen as laughable and its policies as some combination of stupid and cruel. Now the policies are taken as common sense, and the economics as the new gospel.

It is that virtually unchallenged economics that Hugh Stretton effectively demolishes in his superb book. He is a great teacher; he writes clearly and without the priestly air so common to econ-

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omists. His scope is extraordinary in its combination of breadth and depth; by comparison, other texts rightly seem both absurd and pretentious.

Stretton's economics answers the two big questions that serious people have been led to believe economists *do* answer, but which they really do not: "What do we need to know about how the economy functions?" and "What can and must we do to make it meet human, social, and environmental needs?" Rather than answering such questions, mainstream economics spreads capitalism's big lie: "What's good for business is good for everyone, everything, everywhere": which is then delivered daily by the media and politicians.

Stretton puts another economics in the place of the big lie: an economics that we need and can understand and use. Stretton is an Australian who studied in his own country, in England, and in the United States and who did a stint in government. He knows what he's talking about; he also knows that experience itself does not guarantee good sense. Here a few excerpts in which he comments both on the importance and the wrongheadedness of today's economics:

> The resort to deregulation, privatization and smaller government since the 1970s proves to have been a mistaken response to the new troubles of "stagflation," and an active cause of some of them. Economists share responsibility for that "right turn" in economic policy. Without their expert authority it is hard to believe that the various political and business groups who drove the new strategy could have persuaded majorities to support it, or tolerate it, for so long. (ix)

He goes on to say that "bad economic theory can cause as much suffering and death as bad medicine or engineering can," and lists some of the dangerous beliefs that fill textbooks and serve as an ongoing rationale for public policies. Here are a few:

> Monetary restraint alone will stop inflation and then revive employment—*in conditions in which it won't do either.*
>
> Reducing public investment will increase private investment—*when in fact it will reduce private investment.*
>
> Free trade and exchange will make our manufacturers efficient—*when in our particular circumstances it will put too many of*

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> *them out of business, increase long-term unemployment, and wreck our balance of payments.*
>
> Cutting wages would increase employment—*when it would not.*
>
> Shifting taxes off the rich onto the poor will induce the rich to employ more of the poor—*which it will not* (63, emphasis in original).

And then consider this statement on globalization. You will find nothing like it in any mainstream text:

> Globalization . . . is a program to create private corporate rights to trade, invest, lend or borrow money and buy and own property anywhere in the world without much hindrance by national governments. It would bar governments from most of the common methods of helping or protecting their national industries and employment. It is a winners' program promoted chiefly by some business interests, governments and neoclassical economists in Europe and the United States. One of its purposes is to intensify international competition for jobs. Together with other Right policies it is likely to maintain some unemployment in the rich countries and reduce the wage rates of their lower-paid workers, and reduce the proportion of secure employment (179-180).

MR readers likely already take the positions of those quotations and many others like them. So why work through such a long book? Because if people like us are to be politically effective, we must be able to gain a firm grip on why the ruling ideology is not only rotten but wrong, in general and in particular. But, as the great Italian Marxist Antonio Gramsci put it long ago in another context, it is equally essential to offer an alternative set of analyses and connected policies, in this case, another economics that supports a much different, much better society.

Ah, it may reasonably be said, but we have Marx, and Baran, and Sweezy, and not a few others. True. But it is also true that the powerful critique of capitalism provided by Marxian political economy, necessary though it is, is not sufficient for the political movement we require.

In our own time and place, capitalism controls not only the means of production and thus the conditions of work but also, through formal and informal education (known as propaganda when others do it), has come to control the hearts and minds of the people, even of those who sense in both their hearts and minds that something is terribly wrong. There has never been a

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time when the ruling ideas of the ruling class have saturated popular opinion as much as today. Those who have been able to resist must, however, know better what they already know, must learn as much as can be learned and help both themselves and others unlearn. Gramsci was speaking to this need in his own country, in his own time, a time when capital's hold was much weaker than now. But it was still powerful enough to conquer one of the strongest socialist movements in the world and to put fascism in its place and Gramsci in prison.

Those who work through this book carefully, and any serious person can do so, will know more about the economy than is presently being learned by an economics major, and will also be able to refute the arguments of such majors—and their professors. I hope that many economics teachers will adopt this book for their classes. But it is unique in that an individual or, better, a small group reading responsibly and meeting regularly can move through it well and go on to work with others to the same end, as teachers themselves.

What, specifically, can we learn and unlearn from this book? The first two hundred pages are an introductory critique of conventional economics, both for what it is and for what it lacks: studies of changes and growth, in terms of institutions and history, technology, needs and wants, threatened social capital and natural resources, and much more that is usually given only a passing glance, if that. The next four hundred pages present a substantial critique of the theoretical core of economics—demand and supply and distribution—and offer systematic alternative analyses; they also cover the complex realities of consumption and productive institutions (households, businesses, and governments). Finally, they contain an excellent analysis of the distribution of income and wealth.

Stretton's treatment of mainstream theory is represented by this appraisal of "models," the main fix of economists:

> The only activities [that mainstream economics] models are people trading their individual endowments, in equal exchanges, for the private market goods they individually want....[It] is fair to call the simple model a capitalists' or property-owners' model....It chooses to equate passive ownership and active work as similar "endowments," similarly productive. It accepts the unequal distribution of

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> capital ownership as "given," it puts no value on the productivity that is lost when households can't get adequate household capital, or use public capital. It chooses criteria of economic inefficiency which are indifferent to unlimited inequalities. The criteria are also based in favor of what people want as consumers rather than what they want as paid and unpaid producers. It encourages a systematic preference for privately profitable production over other modes. And many of the economists and others who use the model are unconscious of the values which shape it, and believe—wrongly—that it is an objective, value-free representation of economic activity (220-225).

This superb book concludes with another two hundred pages on economic and national strategies designed to confront and meet contemporary needs and possibilities. In this brief review, only the character of Stretton's policy proposals can be suggested. As a dyed-in-the-wool lefty, I see them as highly valuable in themselves and as decisive steps toward what we have been working for: a safe, sane, and decent society, for one and all, across the globe, in presently rich and poor societies. Less abstractly, that means effectuating policies that move as swiftly as possible toward ample education, healthcare, housing, and opportunity for all. In turn, those policies imply a downward redistribution of income, wealth, and power and substantial changes in the structures of both production and consumption.

Like many who read this review, I believe we need a democratic socialist society. But we have no significant socialist movement now. What we do have is a growing (if not yet unified) movement of protest against what exists and for something much better. All the elements generating that movement are treated in this book, both in analysis and in policy. Working for and achieving such linked reforms could—even must—serve as the prerequisite for the achievement of an effective socialist movement.

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Fifty Years Ago in
MONTHLY REVIEW

"According to official statistics, about 170,000 Arabs now live in Israel (about 16 percent of the population). Though their economic situation is for the most part better than in the surrounding Arab countries, it is as yet much worse than that of Jewish citizens. The Arab minority sometimes lacks the most essential social services, such as hospitals and schools. Despite some progress, 68 percent of school-age Arab children do not have schools or teachers. As a result of the war, 140,000 Arabs live in sectors under Military Government Control, which means that they lack the most essential civil rights, have no elected municipal authorities, and suffer from other disabilities. Government declarations to the contrary, only an insignificant number of the Arab refugees were allowed to return to the country. It is an unfortunate fact that the Arabs suffer from racial discrimination. It was only because of the attitude of the left wing opposition that several essential improvements were made...The hypocrisy of the government...maintains that the Arabs enjoy the same rights as other Israeli citizens.

—An Israeli Socialist, "Left Socialism in Israel," *Monthly Review*, March, 1951

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THE DANIEL SINGER PRIZE

The DANIEL SINGER MILLENNIUM PRIZE FOUNDATION invites submissions to the 2001 Daniel Singer Prize competition.

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Essays may be submitted in any language, but if other than English, it would be helpful to append an English translation.

Essays will be judged by a panel of experts appointed by the Foundation. The winning essay will be announced in the month of December 2001, and the winner will be invited to deliver a public lecture based on the essay.

Submissions should be made no later than July 31, 2001 to:
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REVIEW

FERNAND BRAUDEL CENTER

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Vol. XXIV, 1, 2001 is a special issue on

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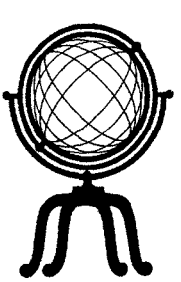

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(continued from inside front cover)

Southern California Edison, were forced to pay these higher wholesale prices for energy they purchased and by January 2001 were in default with their suppliers, unable to obtain electricity in sufficient quantities for their customers—and the controlled, rolling blackouts ensued.

It is significant that Los Angeles has been relatively untouched by the electrical power crisis. The reason is that its municipal utility, the Department of Water and Power, was not deregulated, has retained its own sources of electrical power generation, and has built up hundreds of millions of dollars worth of surplus energy capacity that it sells to other parts of the state.

Nevertheless, according to the electrical power corporations and Wall Street, the only answer to this crisis afflicting most of California is to free up the market even further by lifting the caps on the rates paid by consumers. Only with much higher prices for final consumers, it is argued, will the electrical companies be able to recover their costs and generate the economic surplus needed to invest in new power facilities. California consumers, however, are refusing to accept this logic, blaming deregulation itself and arguing for re-regulation of the entire electrical power system. Meanwhile, more than twenty states have passed legislation that will soon take them down California's path, making the electrical power crisis—and perhaps rolling blackouts themselves—a more universal phenomenon. What the final result of all this will be no one knows. But it is as clear as day that the larger political significance of these events is that in blackouts people begin to see the light.

The Washington area friends of *Monthly Review* welcome new participants. They have been meeting for eleven years to discuss articles from *MR* and current topics in the news, and occasionally host guest speakers. They usually meet the third Sunday evening of the month at a location in suburban Maryland. Please call (202) 234-9243.

We wanted to let readers know about an important source for information about the upcoming Zapatista caravan to Mexico City, from February 24 to March 11, culminating in talks with President Fox: <http://www.narconews.com/zapatistacaravan.html>. Also useful is <www.ezln.org>.

MR is sponsoring two panels for the Socialist Scholars Conference, to be held April 13-15, 2001 at the Cooper Union for the Advancement of Science and Art, 51 Astor Place, New York, N.Y. One will be entitled "The New Economy and Crisis," the other "Daniel Singer, Socialist Journalist." Scheduled speakers for these panels include: Percy Brazil, John Bellamy Foster, Doug Henwood (tentative), Harry Magdoff, Robert W. McChesney, Victor Navasky, Frances Fox Piven, William K. Tabb and Janet Wasko.

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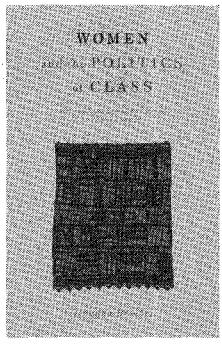
JOHANNA BRENNER



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